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WEST EUROPE REPORT

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CONTENTS

PAGE

COUNTRY SECTION

INTERNATIONAL AFFAIRS

- IEA Director Lantzke Interviewed on Energy Problems
(Ulf Lantzke Interview; DEUTSCHLANDFUNK, 22 Jul 79) .. 1

BELGIUM

- Tindemans' New Economic Program Jolts Government
(LE SOIR, 29 Jun 79) 6
- Reactions to Program
Tindemans Criticizes Government
Liberal Spokesman's Parliamentary Question
- Socialist Journalists Angered by Supposed Censorship
(LE SOIR, 29 Jun 79) 10

CANADA

- Quebec Papers Comment on Spring Referendum Date
(Various sources, 22 Jun 79) 12
- Options Remain Unclearified, Editorial by Marcel Adam
Decision 'Fair,' 'Democratic,' 'Right', by Michel Roy
Sides Must Define Question, Editorial by Marcel Pepin
- Quebec, France Jointly Celebrate St. John Festival
(Jean-Pierre Bonhomme; LA PRESSE, 26 Jun 79) 18

CYPRUS

- Editorial Cites Denktas' Removal as Solution to Problem
(Editorial; ELEVETHERI KYPROS, 22 Jul 79) 21

CONTENTS (Continued)	Page
'DIMOKRATIA' Urges Waldheim To Name Side Responsible for Deadlock (DIMOKRATIA, 23 Jul 79)	22
Mass Rally Marks Turkish Invasion Anniversary (Editorial Report)	23
Briefs Paper on Refugee Problem	27
DENMARK	
Plans Made To Implement Gasoline Rationing (DAGENS NYHETER, 12 Jul 79)	28
Danes To Be Hard Hit With New Taxes (Per Sabroe; SVENSKA DAGBLADET, 21 Jun 79)	30
FEDERAL REPUBLIC OF GERMANY	
Lambsdorff Interviewed on Carter's Energy Policy (Otto Graf Lambsdorff Interview; KOELNER STADT- ANZEIGER, 20 Jul 79)	32
FDP Party Congress at Bremen Reviewed (Various sources, 22 Jun 79)	36
Nuclear Policy, Other Issues, by Rolf Zundel Inner-Party Divisions, by Peter Keier-Bergfeld Relationship to Other Parties, by Wolfgang Wiedemeyer	
Policy Differences, Strains in SPD Leadership Examined (Udo Bergdoll; SUEDEDEUTSCHE ZEITUNG, 22 Jun 79)	43
Cabinet Approves 1980 Federal Budget (FRANKFURTER ALLGEMEINE, 6 Jul 79)	47
Economic Cooperation Minister Addresses Thai Businessmen (DPA, 25 Jul 79)	50
Finance Minister States Rumored Mark Revaluation 'Nonsense' (DPA, 26 Jul 79)	51
State Secretary Interviewed on Refugee Conference (Guenther van Well; Deutschlandfunk Network, 21 Jul 79)	52

CONTENTS (Continued)

Page

Controversy on Iranian Criticism of FRG Media Noted
(Deutschlandfunk Network, 31 Jul 79) 54

Interview With Iranian Official, Sadegh Tabatabai
Interview
Press Review of Charges

Briefs
Committee for Refugee Problem 58

FRANCE

PCF Writer: Soviet Suppression of 'Modernism' Is
'Unforgivable'
(LE MONDE, 19 Jul 79) 59

PCF Reacts to Geneva Conference on Vietnamese Refugees
(L'HUMANITE, 23, 24 Jul 79) 60

Politburo Statement
Central Committee Secretary Laurent

Briefs
Communists Protest Ban 63

NETHERLANDS

FNV Strikes Politically Inspired, Says CNV
(NRC HANDELSBLAD, 12 Jun 79) 64

Unions Turn Down Talks With Cabinet
(NRC HANDELSBLAD, 26 Jun 79) 66

Cabinet in Agreement on Land Reform Policy
(NRC HANDELSBLAD, 27 Jun 79) 67

Government Forces 1 July Reform Bills Through Chamber
(NRC HANDELSBLAD, 26 Jun 79) 69

VVD Remains Adamant
CDA Removes Objections

Party Chairmen Publicize Views on Economy, Budget
(Johan van den Bossche, Nico van Grieken; ELSEVIERS
WEEKBLAD, 16 Jun 79) 73

CONTENTS (Continued)	Page
CDA Merger Date Set for October 1980 (NRC HANDELSBLAD, 21 May 79)	81
Government Applies Emergency Brakes on Public Spending (NRC HANDELSBLAD, 13 Jun 79)	83
PORTUGAL	
Soares Scores Eanes Role in Constitutional Developments (DIARIO DE NOTICIAS, 20 Jul 79)	85
TURKEY	
Trade With Socialist, Islamic Nations Increases (Uluc Gurkan; CUMHURIYET, 15 May 79)	89
Premium Increases Foreign Exchange Remittances (MILLIYET, 15 May 79)	93
FRG Report Notes Increased Turkish Extremist Activities (MILLIYET, 11 Jul 79)	94
Briefs	
Government Sponsored Scholars	95
Unions Given Reinstatement Requirements	95
Cell System for Prisons	95
Koprululer Seeks Shipping Improvements	95
Diyarbakir Grain Exports	96

IEA DIRECTOR LANTZKE INTERVIEWED ON ENERGY PROBLEMS

Cologne DEUTSCHLANDFUNK Network in German to East and West Germany 1005 GMT
22 Jul 79 DW

[Interview with Dr Ulf Lantzke, director of the International Energy Agency
by reporter Bittermann, date and place of interview not given]

[Excerpts] [Question] Dr Lantzke, for weeks, even months energy problems have been the main issue of national and international politics. There is talk of the necessity to economize on oil. The importance of developing alternative energy sources has been pointed out. One is reminded of the situation in the winter of 1973-74 when similarly hectic debates were taking place on the oil shortage and the increased oil prices. Retrospectively, however, the oil shock at that time did not have much of an impact on Western industrial states--with regard to the awareness of the populace and the action of those bearing political responsibility. Does anything indicate to you that this will be different in 1979 and that the dangers this time will be taken more seriously than before?

[Answer] First of all the character of the crisis is quite different despite outward similarities. In 1973-74 we had a situation in which we knew--during the crisis--that once the political problems were solved we would have sufficient oil at least in the immediate future or even later at our disposal. This time it is completely different. It was not a political crisis that touched all this off, it was a short-term crisis in Iran. However, in the end Iran will not resume its full production. So this time--contrary to the first time--we are in a position that forces us to reckon with an unstable world oil situation. Short-term disruptions even of a technical nature can take place and touch off unrest similar to that in the first part of 1979.

It means that we will have a new insecurity factor in our overall economic situation, a factor that is much stronger than the one in 1973-74. The present factor is not limited merely to the energy situation, it has a clear impact on all economic activities. In addition, this unstable balance, which will be with us for several years in my opinion, will be lost if we do nothing to improve our situation in the long run.

It is the task of national and international organizations to point out this problem to the people. Without the support and understanding of the people these necessary far-reaching measures cannot be implemented. If we do not implement them in a gradual adaptation process, I fear that the whole thing will end up in a very critical situation. So we must convince the people--every individual--today that step-by-step adaptation will be much less painful than avoiding this inconvenient step-by-step adaptation and suddenly facing a rupture-like development.

[Question] So the dangers must not just be taken more seriously, they are graver than they were 5 years ago. Prognoses were made a year ago saying that there would be no oil supply difficulties this century. The International Energy Agency, whose director you are, fears that a supply deficit will take place in the eighties. On what assumptions do you base this prognosis?

[Answer] We considered it dangerous that such prognoses were voiced in 1977 and 1978. Unfortunately the developments in Iran proved us right very quickly. But even without the Iran developments we were convinced that this tension would be achieved quite naturally in 1983 or 1984. Today we are confronted with a situation in which we know that oil will no longer be available at reasonable prices permitting the world economy to go on, not available in the quantities we consume presently. There will be some moderate increase in oil production. In 1980 we will find that, due to a lower economic growth rate, the present tensions will calm down a bit.

Such developments, however, must not cause us to ignore the fact that oil production in America--in North America, which was a very strong factor in the past--cannot be extended very much. Second, some OPEC countries are in no position and others--where the reserve situation would permit it--are unwilling to produce the last barrel of crude oil. This would not serve their own interests. They have such a high foreign currency income that many OPEC countries are getting more than they actually need. Third, we know that all the so-called new oil resources--such as Alaska, the North Sea and Mexico--offer just a limited opportunity to extend production. If our oil demand continues to increase abruptly, a limit will be reached that will send prices up even more than was the case in the first part of 1979?

[Question] Despite all those recognizable difficulties there are still some comforting voices playing this down, such as German Economics Minister Graf Lambsdorff, for instance. He said recently that the crisis--like phenomena in the oil sector are not a quantity problem but a price problem. How do you see that?

[Answer] You must differentiate most definitely between short-term and long-term assessments. As regards short-term assessment--I think this is what Graf Lambsdorff had in mind--I would agree with him that adaptation to the

available quantities in 1979 and 1980--adhering to speed limits, curtailing heating and similar measures--would help to get the situation under control.

We have just seen the program of the Americans. I am convinced that stronger measures must be taken in Europe and in America to implement the Tokyo decisions.

[Question] According to assessments by the International Energy Agency, only 50 million barrels annually are lacking to satisfy Western demands--that is about 2 percent. How can such a minimum quantity suffice to upset the market and cause prices to explode?

[Answer] The high priority of demands. Energy is something that has a high priority of demand, and the absence of relatively small quantities creates disproportionate price increases.

[Question] We will discuss later the action of OPEC states and oil companies, Dr Lantzke. I want to discuss the action of government politicians. So far only a few thorough energy policy measures have been taken, aside from the recent program of President Carter. But here, too, one does not know how much of it will be implemented. How do you assess the recent energy program of the American President?

[Answer] It is decidedly a great effort that is being made here. The dimensions of the problem has been recognized correctly. Of course, you can always dispute individual measures and see better possibilities. But that does not make sense, we must not make this mistake. We must consider this program a concept and as a concept it certainly lives up to the dimensions of the energy problem as a whole. It is one of the great problems of the past 5 years that it was impossible in the United States to achieve a consensus in the nation, that is, among the government, Congress, industries, and private consumers--a consensus on the basic lines of energy policy. Consensus was not even achieved regarding the definition of the problem. If Carter can achieve with this--I would say dramatic program--a change in the domestic political scene in the United States, it could be the great breakthrough which would bring influence to bear on Europe and Japan.

[Question] In the Federal Republic action has been limited to appealing to the people to drive more slowly and to economize on energy. You just said that this might suffice with a view to the near future, but not with a view to medium and long-term planning. What do you think should be done in the Federal Republic with regard to medium and long-term planning?

[Answer] Well, some things have been done already so that the energy policy of the federal government is not so bad at all. We had the DM4.3 billion program in the Federal Republic for better insulation of houses, which certainly is one of the most effective measures you can imagine. We have the program for the improvement of household equipment, individual measurement on heat consumption. All these are measures pointing in the right

direction. First priority, however, must be given to short-term economizing efforts on a voluntary basis that can be turned into economical consumption of energy in the long term.

[Question] Do you think that the target of Western industrial countries to curtail oil consumption this year by 5 percent will be achieved?

[Answer] I consider it achievable. Some countries have already achieved it, others have not yet advanced that far. The Federal Republic is about in the middle.

[Question] With what means can you handle the energy problem best, with market economy means or by directives? Or is there no patent recipe?

[Answer] I believe there is a middle way. I am against handling this problem philosophically by painting it either in white or black colors, that would mean simplifying it too much. Naturally, we could solve the problem with purely market economy measures and purely liberal measures. But I fear that because of the long preparatory times and slow market signals we would have to face a rather massive recession, a recession that would last longer than any recession in postwar times.

On the other hand, however, I feel that those are not right either who say that we must now replace the market with bureaucrats. That has never worked and it will not work this time either.

My position in this case is that naturally the market must play the role it plays in other spheres too and that it must be exploited to the limits of its functioning. We must realize, however, that government policy must intensify the signals coming from the market. Developments that otherwise would take place later, namely once prices have gone up, must be anticipated so that the potential investor will obtain reliable indicators showing him that his investment will not be useless. Who will invest billions and billions of dollars in modern technologies everybody believes will be necessary worldwide to solve energy problems in the nineties, if the profitability of these investments cannot be guaranteed today? These are the limits where government policy must set in. It is not so easy to define these cases, but I would say that we must find a way to intensify the signals coming from the markets.

[Question] This brings us to the subject of oil companies. How do you assess the action of oil companies?

[Answer] The trusts involved in restructuring. I mentioned that briefly during our talk. The oil industry today cannot determine production any more nor can it freely dispose of the streams of crude oil. The national oil companies of oil-producing countries have become much more involved now. The oil industry must adapt to this situation. As a whole I believe one can agree with the results of investigations made after the 1973-74 crisis

showing that the big international trusts have been acting quite responsibly. Their gains are not higher than those of comparable industries in the United States. Gains are not bad now, but they are not excessive either. One can never rule out that in such mammoth organizations occasional wrong reactions will take place. I would not say though that it is a declared policy of the companies to unscrupulously grab the consumer's money.

[Question] OPEC countries have been asking the governments of Western countries over and over again to conclude direct contracts with oil-producing countries, thus ousting the international oil trusts as dealers. What do you think of such an offer?

[Answer] I consider that most problematic. This would lead to bureaucratization of the market. So far it was always the flexibility of the market that helped us to master a crisis. Second: technology--the instrument permitting the oil companies to move this gigantic quantity of oil around in the world--this ability cannot be replaced. Even if you were to achieve another result philosophically, you cannot do without the oil companies for practical reasons.

[Question] Last question, Dr Lantzke: How will this go on? What action do you expect the OPEC countries to take in the near future with regard to price policy? Some countries want to see new price hikes in September.

[Answer] We must stop this price policy. I think that most of the OPEC countries are beginning to ask whether the hectic price increases in the first half of the year serve their own interests. There will always be some price hawks though. The best we can do to avoid what we experienced previously is to become more moderate and handle energy with more awareness.

TINDEMANS' NEW ECONOMIC PROGRAM JOLTS GOVERNMENT

Reactions to Program

Brussels LF SOIR in French 29 Jun 79 pp 1,2

[Text] The new warning shot fired at the government on Wednesday by Leo Tindemans has not failed to stir up some backwash. It is known that the chairman of the CVP [Christian Peoples Party] does not consider that enough of his party's economic program is contained in the government's declaration. This time, as is published on the second page, the former prime minister is proposing a series of measures which, as far as he is concerned, are considered essential.

This unexpected position of Tindemans has naturally already provoked a string of reactions, precisely as was the case with his recent statements on scholastic problems, and the government's agreement on the subject of state reform. Thus the new economic concerns of Tindemans are most generally considered a second or third pawn he is advancing in the party which is opposed to Wilfred Martens and the sitting government. They are now taking on a coloration which is distinctly more political than economic.

Indeed these statements appear to be aimed at the social summit conference, now in progress, on the thrust of the government's program as it relates to economic and social matters. It is known that the social partners are to meet again on this subject next 2 July.

That meeting is even being declared to be decisive in formulating the forthcoming economic and social policy. The government in particular will then have to defend the advance draft of its declaration of intention.

It still remains that the prime minister, interrogated by the opposition, thought he indeed had to remind the Chamber on Wednesday that, the matter of 36 hours aside, the government's program included a good number of provisions going in the same directions as Tindemans wishes.

This said, the position of the CVP chairman does not appear to be immeasurably disturbing to the social partners.

Union circles, Christian as well as socialist, in fact, suspect the almost essentially political character of Tindemans' statements and, up to now at least, do not seem to attach capital importance to them. In this perspective those most embarrassed will no doubt be the representatives of the Flemish ACV [Confederation of Christian Trade Unions] which supported Martens and his social-economic program favoring a shorter work week.

But in general, at the FGTB [General Federation of Labor of Belgium] as at the Walloon CSC [Confederation of Christian Trade Unions], the ideas of the former prime minister are considered "normal" in the context of the war of attrition, which has been going on for months, between the government and the social questioners. Said one, "Tindemans above all is indulging in a calculated political move: attack at the economic and social level in order to divert attention from community questions and to appeal to employers and the Flemish Middle classes."

On the employers' side there is no total declaration, but the limited statement that "for years the FEB [Federation of Belgian Enterprises] has endorsed improved profitability for enterprises, elimination of certain fiscal restraints, reform of the system of indexing, and the necessity to shorten the work week uniformly," all of which are proposals to be found in Tindemans' text....

"Van den Boeynants Plan Buried"

As for the press, it is the Social Christian papers above all which were reacting Thursday morning. On the Flemish side DE STANDAARD seems to provide the explanation for Tindemans' gesture. "The diverging perception of the man with a million votes and the CVP," it said, "will weigh heavily upon the negotiations. This may perhaps signify discreet burials of the four-point plan of Van den Boeynants, a plan which has already been received with sharp criticism by union and employer organizations and which was quite as much unfavorably received by foreign investors and foreign exchange markets."

According to LA LIBRE BELGIQUE the effects of the position may be more widespread. It said, "It is obviously going to have a bearing upon the political situation of the next few weeks where priority will be given to preparation of the 1980 budget, which involves painful choices. It is inevitably going to frighten the socialists and may, because of that, cause some waves. It will also obviously again launch all the current suppositions about the fate of the government right after "les vacances";* by launching his controversial bombshell and by adopting very much centrist positions the former prime minister can easily be accused of

* [traditionally, the month of August]

tendering his hand to the liberals who have just found a bit of credibility among the French speaking people...."

The Christian Democrat paper, LA CITE, for its part considers that Tindemans could not have acted otherwise if he wanted either to neutralize all the government's actions or cause its downfall without seeming to have had a hand in it.

Tindemans Criticizes Government

Brussels LE SOIR in French 29 Jun 79 p 2

[Article by J. v. H.]

[Text] In the opinion of Leo Tindemans, chairman of the CVP "but little of the CVP economic program is to be found in the government's declaration." That is the reason that he organized a "partijraad"--a meeting of the party's general council--which was held last Monday and during which he proceeded to an "updating" of the document, "Prosperity Through Courage." The updated version was presented by Victor Van Rompuy, professor at the KUL [expansion unknown] (not to be confused with his son, Eric Van Rompuy, chairman of the CVP-Young People).

The position of the CVP was cited Wednesday afternoon at the rostrum of the Chamber where a liberal spokesman posed a question to the prime minister.

During a press conference the former prime minister commented upon this document, emphasizing eight points in it which he considers essential:

1. Support and realization of the Louvain program ("Prosperity Through Courage";
2. Launching a new slogan, "New Products for New Markets";
3. Revision of the law relating to economic expansion;
4. New start for initiatives favoring agriculture, horticulture, and small and medium-size businesses;
5. Specific job policy;
6. Democratization of large enterprises;
7. New energy policy; and
8. Reduced taxes

Tindemans then observed that we are witnessing "a general impoverishment of the country, due to deterioration of our trade balance, eaten up by the price of petroleum." Consideration of Prof Van Rompuy's report has not been completed. It has not yet been put to a vote within the party. But the latter will strive to transform its ideas into proposed legislation, Tindemans said further.

"Your ideas," a colleague pointed out, "seem to depart from the VDB [Van den Boeynants] plan for a 36-hour work week."

"In fact," the chairman of the CVP acknowledged. "But I believe that some detente on this matter has been manifested by the social partners."

"What do you think of the Fabrimet proposals on this subject?"

"I prefer not to state my opinion on this for the moment."

"Do you believe, you who have been prime minister, that it is possible to decrease taxes in the present economic circumstances?"

"We are a political party. And I believe a decrease in taxes may lead to new jobs."

"Do your new proposals not imply condemnation of the government, and particularly of the prime minister?"

"Government and party are two different things. As a party we must see to it that we are aggressive (slagvaardig)...."

In answer to another question Tindemans again stated that in his opinion "two petroleum products should be removed from the index, because we have to pay twice, first by the increase itself in the price of petroleum, and then by consequent increase of the index."

The CVP chairman also announced that reorganization of the social security sector will be the subject of a congress to be held next December.

Liberal Spokesman's Parliamentary Question

Brussels LE SOIR in French 29 Jun 79 p 2

[Text] The statement of Tindemans was also cited in the Chamber on Wednesday afternoon. Herman de Croo, head of the PVV [Party of Liberty and Progress] group, questioned the prime minister on this subject. "To hear the chairman of the CVP," he said, "one may wonder if his party is withdrawing its support of the government or if at the very least, it may not be necessary to take up again the question of confidence in the government, since Tindemans, moreover, appears to deplore to find so little of his party's demands in the government's program in the matter of, among others, length of the work week, where it appears desired to whip things up."

SOCIALIST JOURNALISTS ANGERED BY SUPPOSED CENSORSHIP

Brussels LE SOIR in French 29 Jun 79 p 3

[Article by J. v. S.]

[Text] On Wednesday morning LE PEUPLE, LE MONDE DU TRAVAIL, LE TRAVAIL, and LE JOURNAL ET INDEPENDANCE were to publish simultaneously an editorial by Andre Baudson, deputy from Charleroi and vice chairman of the Socialist Party, and some "free lance material" from a socialist commune council member from Arlon. The two articles evidently discussed the serious dissension manifested within the Socialist Party; the first was favorable to Cools, the second to Leburton. A short time before the "coupling" of the publications, Henry Lebeau, receiver for the first three publications, decided to suspend publication of the two articles.

Within the editorial offices of the socialist papers Lebeau's position aroused some emotion. As receiver, the Charleroi lawyer has full authority and is the sole spokesman for the editorial staff. By virtue of this he has been in the habit of rereading, each evening, the galley proofs of the various articles, which annoys the editorial staff, where it was pointed out that Lebeau--who is not a member of the Socialist Party although he works in collaboration with Leburton--has no mandate to examine the paper's political line.

Our press colleagues recall that 2 weeks ago a first such incident occurred when Lebeau had appended, to a commentary by the editor-in-chief of LE PEUPLE, a few lines which, written in the first person plural, evidently committed the entire editorial staff.

Taken to task in this affair, Lebeau has here and now decided to give the RTBF [expansion unknown] the right of response in order to make its protest against the actions in the paper of Wednesday morning above cited.

The lawyer defends his position by recalling that the general meeting of SODEPE [expansion unknown] stockholders decided--at the same time as it

was decided to liquidate the company--to constitute an advisory committee composed of four persons and responsible for assisting the receiver. The latter may refer to the advisory committee any matter in which there is risk of internal or external dispute. All decisions at the stockholders' meeting were by unanimous vote of those present, including Cools, Baudson and Leburton.

"Tuesday evening," the receiver explains, "I found two articles in the presses. The first, signed by Baudson, in my opinion, contained matter offensive to Leburton. The second sharply criticized the way in which Cools is leading the Socialist Party. At the very moment when controversy seems to be stilled within the Socialist Party, I considered it would be necessary to suspend publication of the two articles while waiting for the advisory committee to pass on them. It would be possible, for example, to eliminate or modify the controversial sections in one or the other article. However, I reject any suggestion of censorship. I have only used the right conferred upon me by the SODEPE stockholders."

Henry Lebeau's position is supported without reservations by Edmond Leburton, chairman of the board of directors of SODEPE.

As for the editorial staff, it has reacted by publishing a communique phrased in particularly sharp terms:

"The editorial staff of LE PEUPLE and LE MONDE DU TRAVAIL unanimously denounce the instance of intolerable censorship of which these publications have just been the victims. Arrogating to himself rights which no moral or political authority whatever has conferred upon him, the enterprise's receiver, at the time of going to press on Tuesday evening, simultaneously suppressed the paper's editorial and a free-lance contribution. Neither of the two texts attacked anyone by name. Moreover, both were part of a series of viewpoints on the future of the socialist movement. The journalists of LE PEUPLE and LE MONDE DU TRAVAIL rebel against the arbitrary decision unique in the annals of the socialist press. They protest with their utmost energy against the contempt for freedom of speech and of opinion which the decision implies."

11,706

CSO: 3100

QUEBEC PAPERS COMMENT ON SPRING REFERENDUM DATE

Options Remain Unclassified

Montreal LA PRESSE in French 22 Jun 79 p A 4

[Editorial by Marcel Adam: "The Spring Referendum Date"]

[Text] Premier Rene Levesque partially ended the suspense yesterday when he announced that the referendum on Quebec's constitutional future will be held during the spring of 1980, without, however, specifying the date nor unveiling the question.

It appears that a formulation of the question will be submitted to the National Assembly this fall, just before its recess for the holidays, and that it will be debated for 35 hours, as required by law, in January or February, after Parliament reconvenes; after which the referendum will be held 1 or 2 months later, that is, at the end of March or the beginning of April.

The referendum date has been repeatedly put off since the election of the Parti Quebecois [PQ] 31 months ago, despite Mr Levesque's commitment to hold it within 2 years, and despite the many pressures exerted on him to eliminate as quickly as possible this source of uncertainty which has been hampering economic recovery.

The government has invoked several different pretexts to put off the date. First, it was the desire to fulfill its electoral promises, especially the one of being a good government. Next, Mr Trudeau's hesitation to hold federal elections provided Mr Levesque with a justification for waiting so as not to shuffle the cards and so as not to provide Mr Trudeau with a ready-made issue. Finally and above all, there were the opinion polls which revealed that the PQ's option could not win a majority "yes" vote.

A sizeable proportion of the members of the PQ have been suggesting recently that Mr Levesque hold the referendum already this fall, their thought being to thus take full advantage of the recent federal election results whose polarization reflects the concept of the two nations on which the PQ option is based.

After many consultations and much thought, Premier Levesque, heavily backed by a majority of his ministers, decided yesterday in favor of spring--not for tactical reasons, he said, but in the public interest.

It is true, as Mr Claude Ryan has said in deploring it, that Quebec and Canada will live 1 year more in the uncertainty. But, deep down, the federalist camp is no more prepared to appeal to the popular verdict than is the sovereignty camp. The fact of the matter is that if the population were to vote in the fall it could vote solely on impressions and not based on thought-out convictions.

The PQ, which is just beginning to define its proposed option, knows very well that this option is not understood, and that much less is it acceptable, to the majority of the population. Besides, does not the fact that Mr Levesque has announced the publication this fall of a white paper on the topic of sovereignty and association prove that all the explanations have not been given, and that he himself was wrong in accusing those who demanded them of being in bad faith?

As regards the federalist camp, it does not yet have a credible alternate formula to offer the people. The Quebec Liberal Party, which must head the federalist group at referendum-time, will not have drawn up the final design of a new federalism to be counterproposed to the Quebecois for the referendum until mid-fall at best. This means that the spring date indeed suits it.

Yesterday Mr Levesque listed the arguments that favor the spring 1980 date: There are a few urgent legislative and political tasks to be completed and the negotiations in the public sector to be concluded; so that this date can at the same time serve the government's interest in orderly proceedings as well as the public interest. There is also the fact that Prime Minister Clark must be given time to get settled in office and to take over control of the affairs of state.

One might also add that holding the referendum in the fall would have required the postponing of the spring 1980 by-elections in Prevost, Beauce-Sud and possibly Maisonneuve, if Mr Burns does not reverse his decision to resign. Now we know they will take place by the end of September at the latest.

Mr Levesque said yesterday he did not want to leave anyone with too little time, and that by scheduling the referendum in the spring he was giving Mr Clark and Mr Ryan the time to complete and present to the people new federalist proposals. It is in everyone's interest, he said, that it all be known, debated and evaluated before the referendum so that the people can vote knowledgeably.

Mr Levesque is right and this democratic concern does him credit. To choose well, the Quebecois must clearly understand the options. But they must also find them in the question--is that not right?

Decision 'Fair,' 'Democratic,' 'Right'

Montreal LE DEVOIR in French 22 Jun 79 p 4

[Editorial by Michel Roy: "A Calm and Sound Decision"]

[Text] In a statement marked by calmness, the prime minister has just announced that the referendum will take place during the coming spring. The text (published below) is entirely free of confusion and devoid of the ambiguities which so many times in the past year have marked the government's statements on the choice of the date, on the sense of the question and on the consequences of the decision. This time, intentions are crystal clear. When Mr Levesque speaks as he did yesterday he is truly the prime minister of all the Quebecois. It is to be hoped that this calmness of tone, this lucidity of analysis, this respect for the convictions of the opponent, this ability, in sum, to rise above party lines will henceforth be the head of government's dominant traits until the historic vote.

Of Mr Levesque, it was to be expected that he would arrive at his decision as to the date of the referendum taking less into account the tactical advantages his party could derive from a vote in the fall or spring than the overriding interest of the people. It is principally to the latter that he gave consideration in deciding to schedule the referendum during the spring, that is, giving all the interested groups, without forgetting his own, an indispensable period for preparation, for definition, for explanation. He has taken the best decision.

True, an early referendum would have put an end to the indecisiveness that surrounds the people's choice. But an early referendum without sufficient explanation of the question, a referendum not preceded by a campaign offering all the groups an opportunity to completely set forth their viewpoints, a referendum hastily organized because of too short a schedule would have infinitely more serious consequences than the present indecisiveness. It is, after all, an indecisiveness which tends to clear up as the dates revealed yesterday become known. They dispel the uncertainty. It is now known with certainty that a white paper defining the government's position will be issued this fall, that the liberal opposition will make known its policy when Parliament resumes its session, that it will test its policy's fitness by submitting it to other governments, and that the citizens will finally be asked to vote in 10 or 11 months.

The referendum debate, says Mr Levesque, can begin in earnest. But a debate cannot be truly joined unless all the issues are known. Neither the Parti Quebecois [PQ] nor the Liberal Party [PLQ], the federal option's first and principal advocate, have completed their work on the issues. Mr Levesque recognized this when he emphasized yesterday his group's intention to fully explain the sovereignty plan in a public document which will be the government's position. The leader of the PLQ has also admitted the decision announced yesterday suits him since it enables him to spread his referendum schedule over a longer period, and in particular to proceed in good time

with the consultations he plans to undertake with other governments in order to gather their reactions and with his plan for the renovation of federalism.

Indeed, the reform formula which the PLQ will submit to the citizens will be all the more receivable here for having been previously examined by the other provinces and the central government and judged by them to be acceptable. Such an operation would have been difficult to carry out if the referendum were to have taken place this fall. The liberals must first complete the drawing up of their document, disseminate it among their members, call a special congress to study it and, once adopted by Quebec, present it to some if not all the prime ministers of English-speaking Canada, who will want to study it and modify it in certain cases before signifying their agreement.

Mr Levesque judged rightly that the scope and magnitude of this undertaking would not permit the opposition parties to bring it off satisfactorily by this fall. The prime minister therefore concluded that the Quebecois, in the face of such a crucial choice, must be better informed on the new federalism, the option which he for his part is fighting against. There is in this attitude a remarkably democratic and liberal spirit.

In refusing to "outstrip the others," Mr Levesque is thinking also of the constitutional proposals which Mr Clark's government has decided to present during a federal-provincial meeting scheduled this fall. One may entertain considerable doubt as to the originality of those proposals, and as to their effect on the known positions of Mr Levesque's government, but there can be no question that the new conservative team must have the opportunity to make its outlook and its thinking on the country's future known to the Quebecois before the referendum.

The prime minister invokes other arguments which also have their importance and which he fortunately took into account before reaching his decision. To all those concerned over the confrontations between the state and its personnel in the public sector, confrontations which may very well take place precisely in the fall, he responds that his government wants in fact to conclude agreements with these employees in the coming months. It would not be in the interest of the Quebecois "for a clash to occur, as if they were contradictory, between the legitimate interests of the state employees and the general overall interests of the totality of the people." In short, let us not mix negotiations with the national question! In these few sentences, the sincerity of which cannot be put to question, indefinable ingenuousness view with political ingenuity.

One last argument, which is certainly less cogent but which reminds the people that the government must govern, hence must legislate: The referendum having been deferred till spring, the National Assembly can proceed with the passing of bills which have been publicized or are already being studied and which it would not have had the time to examine had the referendum been held this fall.

Finally, Mr Levesque has once more confirmed that his government, through this referendum, will ask the people to vote him an exploratory type "mandate" aimed at repatriating all taxes and legislative powers while offering Canada to keep economic ties. This means that this referendum is, without doubt, but the first stage of a long process. Hence the importance of keeping calm and preserving the thoughtful atmosphere which Mr Levesque desires and which, together with patience, Quebec will greatly need.

Sides Must Define Question

Quebec LE SOLEIL in French 22 Jun 79 p A 4

[Editorial by Marcel Pepin: "For a Clear Referendum"]

[Text] In announcing the holding of the referendum on sovereignty and association in the spring of 1980, Mr Rene Levesque at least clarified two important points of reference for the debate. First, the government will publish, as early as this fall, an official position on the option it intends to submit to popular approval. Then, it will unveil the wording of the referendum question before the holiday adjournment.

The choice of a date was not easy. Partisan or purely technical reasons favored the spring as much as the fall. In opting for spring, Mr Levesque cast himself in the favorable light of saying he wanted to give Mr Joe Clark as well as Mr Claude Ryan an additional respite in which to clarify their own options and counterproposals.

While the reasons given by Mr Levesque are perfectly plausible and easily acceptable, one is nevertheless permitted to suspect that the government opted for a later date simply because he was not firmly convinced of carrying the day in an early referendum. By pushing back the date several months, he gains a little time in which to try to influence the mood of the citizens toward a more favorable view of the government's appeals.

If the chances of success appear slim this fall, it is for a very simple reason: Despite all Mr Levesque's efforts and those of his party as well, the PQ option remains a question mark in the minds of many citizens. And the most recent explanations offered by the prime minister have done nothing to clarify the debate. "The referendum," said Mr Levesque, "will rest on the government's option, that is, a mandate to repatriate all our taxes and our legislative powers while maintaining economic ties with Canada."

Although this conception of twin countries united by the dollar can, if worst comes to worst, be perceived in the abstract, bringing it into practical being is still very difficult. And the voters of Quebec are clamoring in vain for explanations on the approach the government intends to follow in carrying out this mandate, should the voters grant it to them through the referendum.

It will thus be necessary to patiently wait 3 more months before finally knowing "the why and how" of the sovereignty and association option. It is regrettable that Mr Levesque did not immediately present this document which is to serve as a point of reference during the referendum campaign. All the groups, including the PQ [Parti Quebecois] membership, could then have dissected it without delay and set their course of action accordingly. Similarly, it is no easier to understand why the PLQ [Quebec Liberal Party], which has undertaken to defend federalism, is delaying so much in presenting to the public the constitutional document in which it intends to describe precisely the type of federalism it favors.

Since the timetable is now known, it remains to define the rules of the game so that this referendum will be the genuine expression of the will of the people.

The new federal government should not delay in making known its policy concerning the involvement of federal employees and organizations in the Quebec campaign, so that the citizens may know who is doing what. It would not be proper, for example, that the public should accidentally learn that large sums originating from federal enterprises of the Dominion were being channeled to Quebec's federalist groups.

Mr Clark has often expressed his opposition to the PQ plan. But at the same time he has frequently denounced the confrontation techniques practiced by the Trudeau team. If this debate is to end in a choice, an explanation by the federal authorities as to the more supple type of federalism they are prepared to practice is long overdue.

As for Quebec, the Levesque government must also define its attitude toward the forthcoming federal-provincial meetings. Will it close the door against all possible arrangements within the framework of the present regime? If so, how will it reconcile this attitude with its good provincial government mandate? Has negotiation with Ottawa come to an end for all practical purposes?

As regards the government apparatus, must it serve solely to promote a single viewpoint? The Liberal Party leader, Mr Claude Ryan, is right in demanding the assurance that the power levers in the government maintain an impeccable neutrality in this debate.

The prime minister himself is of the opinion that the debate which is about to begin "must define the future prospects of an entire people." If such is the government's conviction, it would be highly appropriate that the question bear not on a vague mandate, but rather on Quebec's future status within Canada or outside of it.

Once we have a precise response to this question, we will be better able to judge the government's sincerity.

9238

CSO: 3100

QUEBEC, FRANCE JOINTLY CELEBRATE ST. JOHN FESTIVAL

Montreal LA PRESSE in French 26 Jun p A2

[Article by Jean-Pierre Bonhomme: "France Promises Indefatigable Assistance to Quebec in Preserving French Culture"]

[Text] La Rochelle. On Saturday during the St John festival in the county seat of Charente Maritime, the two official representatives of the French and Quebec governments, the keeper of the seals (Peyrefitte) and the deputy prime minister of Quebec, Jacques-Yvan Morin, pledged their mutual indefatigable assistance in preserving French culture, and appeared very conscious of the importance of the choice which the people of Quebec will have to make in this connection in the months to come.

From Friday to Sunday both heads of state jointly attended a series of celebrations and enthusiastic festivities held around the old port of La Rochelle. Thus for the first time the department of Charente and the municipality of La Rochelle celebrated the St John festival in the cadre of the first joint congress of the Franco-Quebec and Quebec-France fraternization associations.

Before 500 French and Quebec members of these two associations who had gathered in the House of Culture in this historical harbor city, Morin declared that the objective of this desirable rapprochement between the people of Quebec and the people of France is "for us to achieve a counterbalance to the omnipresence of Anglophone America" and that in this respect Europe, and more particularly France, could be the last chance for Quebec.

The mastery with which the minister of education expressed himself in the numerous speeches he made in the course of the long weekend, impressed his French audience to such an extent, that the keeper of the seals (the second highest French official), whose reputation as an orator is not negligible, recognized that he had to make a special effort to be equal to him. In addition Madame Jacques-Yvan Morin charmed the members of the congress by playing old and new Quebec Tunes on the harpsichord in the auditorium of the town hall, which was filled to capacity.

Brotherly Assistance

On his part Peyrefitte reiterated the French Government's intention not to interfere in Canadian affairs, but he glowingly promised France's fraternal assistance to the people of Quebec. He indicated, to the satisfaction of the audience, that the French policy of "non-indifference" towards Quebec, this policy which he recalls having formulated during a congress held 2 years ago in Longueuil, on the contrary does not stem from heartlessness in this endeavor. The famous orator emphasized that France intends to respect Quebec's decisions whatever they may be. This attitude, he indicated, derives from the "fundamental respect which France has for the people who throughout the world are closest to her." As for the future, he concluded, that depends on the people of Quebec.

The People of Quebec Received an Outstanding Welcome

The city of La Rochelle made exceptional efforts to celebrate the first meeting in the county seat of the Charente Maritimes of the joint congress of the Quebec-France and Franco-Quebec associations, and the French west coast is now in a fair way to becoming an important cultural assembly point for both countries.

During the St John festival weekend, the mayor deputy, Michel Crepeau, paid exceptional homage to the people of Quebec by flying an enormous fleur de lis at the top of the Saint Nicholas tower at the entrance of the old port, and promised to organize next year, from 24 June to 14 July, with the collaboration of the House of Culture here, a series of Franco-Quebec celebrations in the cadre of the two national holidays.

Actually, next year a worldwide production of a suitable work entitled "Seven Words From Quebec," a poetic evocation borrowed from each Quebec author will take place, the staging of which is already on the way. Film producers have already been invited to show their work and many other projects are being developed.

Furthermore, on that occasion, the city of La Rochelle will inaugurate a New World Museum which will "develop the historical bonds of the city (100,000 people) with America, and particularly with Quebec. A large part of our own plastic creations will be exhibited.

All the above caused the vice president of the Quebec-France Association, Paul Lambert, and the outgoing chairman, Yves Guerard, to state that since this epochal rejoining of Quebec with France has been accomplished, the time has come for mutual plans to be realized. These two official delegates and the representative of the National Assembly of Quebec, the Drummond deputy, Michel Clair, expressed a wish that exchanges take a concrete form, particularly on the level of small and medium enterprises. Clair strongly emphasized that relations between the two communities should be maintained come what may as regards the ups and downs of the referendum.

Correct Image

Moreover, for his part, during one of his short speeches, the keeper of the seals pointed out that after 2 centuries of rejection, the French now have a correct picture of Quebec deriving from mutual understanding; he stated, "The people of France and Quebec were 'born one to the other.'"

It is a fact that the congress of the two Franco-Quebec friendship associations made it possible to establish and tighten personal bonds. Many were those who met old friends again. The 250 Quebec members of the congress and their hosts danced to the music of the folklorists Dionne and Bertrand, of Alain Lamontagne and of the "Smiling Boots."

The Sept-Iles Mountaineers, the Badgers, who also wished to have their identity recognized, danced to the theme of the bear, which was inevitable, and the North Folk danced a jig in front of the head tables.

7993

CSO: 3100

EDITORIAL CITES DENKTAS' REMOVAL AS SOLUTION TO PROBLEM

Nicosia ELEVETHERI KYPROS in Greek 22 Jul 79 p 1 NC

[Editorial: "Denktas, An Impediment to a Solution"]

[Text] With his recent rude and cynical statement about biregionality and bizonality, Turkish Cypriot leader Denktas has reaffirmed what we believe the Turkish side has been seeking in the Cyprus problem; namely, that it aims solely at completing and consolidating the faits accomplis of the invasion--first by means of partition and later by completing the Turkocization of all Cyprus.

Denktas has said: "The meaning of the term bizonality is: I am one state that owns territories. I have sovereignty over these territories in many matters. My sovereignty is absolute and none can take it away from me." The Turkish Cypriot leader's statement is clear. Not only does it prove the intransigence of the Turkish side and its goal of a partitionist solution but it also reveals its ultimate aims and designs. There should be no doubt about the Turkish goals. After all this, the Cypriot people are called on to draw their own conclusions and to make their own decisions.

In the past Denktas was shouting at the top of his lungs that the Cyprus problem will be resolved only if Makarios goes, but he concluded an agreement with Makarios to resolve the problem. However, he continued the same tactics and refrained from invoking this agreement with the ethnarch while he was alive, but when Makarios died not only did he begin invoking it, but he also pushed it and accused the Greek side of failing to observe it.

(Today it is proved that the Cyprus problem will be resolved only if Denktas and his policy go.)

The Greeks of Cyprus will not leave the fate of this country in the hands of Denktas, nor are they going to stand idle. They have both the will and the determination to struggle and, as President Kyprianou declared at the rally, we shall continue the struggle, regardless of the time or sacrifices required, until final vindication. Moreover, we shall not remain mere spectators or listeners of Denktas. We shall begin intensive international activities to denounce Turkish intransigence and to unmask, before the world, the Turkish designs against Cyprus.

'DIMOKRATIA' URGES WALDHEIM TO NAME SIDE RESPONSIBLE FOR DEADLOCK

Nicosia DIMOKRATIA in Greek 23 Jul 79 p 3 NC

[Article from "Democratic" column: "Mr Waldheim"]

[Text] Mr Waldheim is doing everything to simplify things in the case of the Cyprus problem, particularly in connection with the negative stand of the Turkish side. It was at his initiative and following his persistent efforts that agreement was reached on the resumption of the intercommunal talks. The dialog was, indeed, resumed, but it was interrupted almost immediately simply because Mr Denktas refused to abide by the agreement that was made in the presence of and following efforts exerted by Mr Waldheim. The UN secretary general found nothing to say except that the suspension of the dialog is "nothing extraordinary" and that many agreements on the Cyprus problem run into difficulties when the time comes to implement them and that the suspension of the talks--hear ye, hear ye--does not reflect either on him or on the United Nations.

We do not know how much Mr Waldheim values his office as UN secretary general--if he values it at all. In fact, the office is of supreme importance and the person holding it must honor it by meeting the responsibilities arising from this supreme office. The Cyprus problem is a question that is being handled by the United Nations. A series of UN resolutions on the Cyprus problem have been pending--one referring to the holding of intercommunal talks. In the case of the resumption of the intercommunal dialog, there is a Security Council resolution on this. Moreover, the Security Council has delegated Mr Waldheim to offer his good offices by undertaking a pertinent initiative. Therefore, the suspension of the dialog must definitely concern the United Nations, as well as the UN secretary general in many and various senses, but particularly in the sense of his responsibility to brief his superior authority on the actual facts. In other words, he must report the reneging and the negative attitude of the Turkish side. Moreover, he must publicly ascribe responsibilities as he has done repeatedly with statements on other international problems such as those of Rhodesia and South Africa.

CSO: 4908

MASS RALLY MARKS TURKISH INVASION ANNIVERSARY

[Editorial Report] Nicosia Domestic Service in Greek at 1740 GMT on 20 July 1979 begins a live relay from the Pan-Cypriot mass rally held at Eleftherias Square in Nicosia to mark the fifth anniversary of the Turkish invasion of Cyprus. Amid chanting slogans such as "Cyprus Belongs To Its People," and "The People Demand a True Purge," a refugee girl reads a message to Kurt Waldheim and to the Security Council members asking them to make 1979 a true year of the child.

Chairman of the Nicosia Municipal Committee Lellos Dimitriadis opens the rally. He is followed by Greek Chamber of Deputies President Papaspyrou, who delivers a 21-minute address, in the middle of which he reads the following message from Greek Prime Minister Karamanlis: "Five years have passed since the day that Turkey, using as pretext the foolish coup against the Cyprus government, invaded the Island. Yet the Turkish military occupation still continues in violation of every rule of justice and morality. I wish to again give the assurance that I share this great trial of Cypriot Hellenism, of which I am unfailingly thinking. I am sure that the Greek Cypriots--with the courage and patience that they have displayed, and will definitely continue to display in the future--will overcome this trial and will achieve, despite difficulties, vindication of their honest struggle by securing a fair and viable Cyprus solution. On today's occasion, I wish to repeat the assurance that in this just struggle, Cypriot Hellenism can always count on the firm and full support of Greece."

Continuing his address, Papaspyrou conveys "brotherly greetings of love and support" to the Greek Cypriots from the Greek Chamber of Deputies, saying that these are "greetings from the government and all the parties, greetings from the people of Greece. On this dark anniversary of the coup and the Turkish invasion, all Hellenism feels the need to declare solidarity with the hard struggle you have been waging for years for national and physical survival." Papaspyrou adds that this Hellenism "is an ideological strike force" and is "your ally and supporter at every step."

Further, Papaspyrou notes that those who have been suffering naturally want an answer as to what would be the support from Greece, and says: "A clear answer to such questions is not always easy. Sometimes realities outweigh our possibilities; but life changes, conditions change. However, from my official post as president of the Greek Chamber of Deputies, I can assure you, with firm confidence, that Greece has been doing everything possible to support the just struggle for the freedom of martyred Greece."

Papaspyrou's speech is interrupted by the chanting of slogans such as: "The dossier on treachery must be opened"; "Resistance-Makarios-Kyprianou"; "NATO-CIA-treachery"; "Solution, solely at the UN"; "Greece out of NATO"; "EEC and NATO are the same syndicate"; "Kyprianou, worthy leader"; and "Cyprus belongs to its people."

Following the address by Papaspyrou, the announcer introduces President Kyprianou, who gives a 37-minute speech in which he recalls the dark anniversary, when the barbarous boot of Attila set foot on the homeland after the treacherous junta opened the gates and betrayed the Cypriot people whose plight and suffering are continuing for the 5th consecutive year. Referring to the missing persons, Kyprianou blames the Turkish side for a lack of progress on this humanitarian issue and points out that "even recently we reached an agreement with Mr Denktas on 19 May--on the basis of the latest UN General Assembly decision--for the establishment of an ad hoc committee for tracing missing persons. We have reached a decision; we have reached an agreement. But where is the implementation of this agreement? The other side is filibustering again."

Reviewing the efforts made since 1974 to find a Cyprus solution, Kyprianou notes that all of them have been fruitless because they crashed against Turkish intransigence and expansionism. He then refutes all the allegations and charges that Cypriot Hellenism was at fault for the lack of progress and points out that, following the latest 19 May agreement with Denktas and the recess of the talks, "It has been said that agreements have been reached, but not observed. However, this is not enough. It has not been said why and by whom they are not being observed. The international community has every right to know the whole truth and we will enlighten it. We continue to desire the resumption of the inter-Cypriot talks on the basis of the 19 May agreement. However, the Turkish side has set conditions or attempted to change this agreement both from the viewpoint of terminology and of substance. We agree to the resumption of talks on the basis of the 19 May agreement, and if the Turkish side acts in good faith, it has the right--and so do we--to raise any question it desires at the appropriate time during the course of the negotiations, but it cannot set conditions beforehand for the resumption of talks. While we are waiting to see what will happen to the talks, we are planning--I repeat, we are planning--very intensive international activity, not merely to revive the Cyprus issue to the appropriate degree internationally,

but also to brief the world, the international community and the UN members on the present reality, which has not changed, but is still the reality of 1974."

Further in his speech, Kyprianou refers to the question of fears about the security of Turkish Cypriots, which he describes as an issue for exploitation, and stresses that, "If Ankara and Mr Denktas insist, we have even proposed solutions to this special question of security because certainly we are primarily concerned about the security of Cyprus and of all its citizens--both Greeks and Turks." He then repeats the proposal he made last year at the United Nations for the complete demilitarization and disarmament of Cyprus "Provided we all rid ourselves of the hooks of Attila. I repeat the proposal: "Demilitarization and disarmament of all the citizens of Cyprus under the strict supervision of a UN police force that can stay in Cyprus as many years as necessary, and that would supervise and control a Cypriot police that would be the only security body on Cyprus; the Cyprus police to be composed of Greeks and Turks in accordance with the population ratio. In addition, I have suggested and I still suggest the establishment or stationing in Cyprus of an international machinery, the responsibility of which would be to examine with full jurisdiction every case or charge about the violation of human rights and the fundamental freedoms of all citizens of Cyprus. Moreover, I propose that this body come under the UN Security Council and be accountable to it. I would also like to say that we are prepared to discuss at the negotiating table any other security proposals provided such proposals would insure the unity of the state and people as well as the inalienable and human rights of all the citizens."

Kyprianou goes on to reject any blame for the present stagnation in the dialog, saying that the Greek side is prepared to assist the United Nations in its efforts, but emphasizing that, "If we are asked to negotiate a solution that would mean acceptance of faits accomplis or a partitionist solution, the answer was, is and will continue to be: No!"

Kyprianou then refers to the role that the United Nations could play and points out that, "If it is impossible for all the Security Council members to cooperate, then let the two big powers--within the UN framework--undertake the role of implementing the UN resolutions, of imposing a just Cyprus solution on Turkey. Such an attempt has already been made in the past; we propose it again."

The following slogans were intermittently chanted during Kyprianou's speech: "NATO, CIA, treachery"; "People united, never defeated"; "Enemy is one--imperialism"; "International conference"; "The Turkish Cypriots are not our enemies, they are our brothers"; "Out with all armies--independent island"; "Greece out of NATO"; "The dossier of treachery must be opened"; and "People demand a true purge."

The rally then closes with Papamiltiadis, the chairman of the coordination committee for parties and organizations, reading the following resolution to UN Secretary General Kurt Waldheim:

"Your Excellency:

"The Pan-Cyprian rally held in Nicosia today--20 July 1979--the fifth anniversary of the Turkish invasion in Cyprus, submits to your excellency the following, with the request that they are communicated to the Security Council and to all the delegates of the UN member states:

"1. The rally expresses the Cypriot people's indignation at the lack of any progress toward ridding Cyprus of the Turkish occupation troops, which, for the 5th consecutive year, continue to occupy almost 40 percent of Cypriot territory, and with force of arms violate human rights and disregard the inalienable rights of the Cypriot people.

"2. Turkey scandalously defies the UN resolutions and persists in the tactics of faits accomplis, having as the only excuse its arms supremacy over the small and peaceful Cypriot nation.

"3. Turkey's intransigence at the intercommunal talks, its defiance of the humanistic demand for tracing and releasing the missing persons, and its attempt to change the demographic character of Cyprus are in full controversy with UN resolutions on Cyprus, are fraught with serious dangers and are a threat to peace.

"4. The rally denounces the Turkish intransigence even after the recent 19 May 1979 agreement between President Kyprianou and Mr Denktas, the implementation of which the rally demands.

"5. With adherence to the principles of democracy, justice and peace, the Cypriot people will never accept the faits accomplis and will continue the struggle until a just and viable solution is found in the interest of all the Cypriot people--Greek and Turkish Cypriots.

"6. The Cypriot people demand that the United Nations adopt practical and drastic measures, including sanctions, to insure Turkey's full compliance with the implementation of UN resolutions and decisions on Cyprus.

"Your Excellency, the Cypriot people believe that the United Nations, for the sake of international detente and peace in the world, will do everything possible so that justice may be done in Cyprus."

The rally ends at 1854 GMT as the rally resoundingly approves the resolution.

CSO: 4908

BRIEFS

PAPER ON REFUGEE PROBLEM--"If the Cyprus situation continues, we will not have 200,000 Greek Cypriot refugees in Cyprus but 500,000 in Athens. We do not need people like Antalcidas but people like Cimon and Conon who will be able to put their foot down." This forecast has been made by Edik leader Zigdhis. It is terrible because it is close to reality. Today Cyprus is at the mercy of the Attila hordes. It is in danger of being biologically and nationally exterminated. The leadership in both Cyprus and Greece confine themselves to mere talk. Although it was imperative that by now the defense organization of the island should have been completed so that it could have served not only to frighten the opponents but also as a trump card at the negotiating table. Yet almost nothing has been done. The Turks are emboldened and they threaten. The Edik leader said we need a new Cimon or Conon, but the problem is where to find one. [Text] [Nicosia I SIMERINI in Greek 25 Jul 79 p 3 NC]

CSO: 4908

PLANS MADE TO IMPLEMENT GASOLINE RATIONING

Stockholm DAGENS NYHETER in Swedish 12 Jul 79 pp 1-20

[Text] The energy crisis in Denmark is so serious that it is necessary to ration petroleum products. That is what the Danish minister of commerce, Arne Christiansen, said on Wednesday.

Christiansen, who has full authority to act without the support of parliament, did not say when the restrictions would go into effect. According to certain sources, it must be soon, and the delivery of petroleum to private consumers will very likely be reduced to 90% of last year's consumption.

The threat of autoless days and reduced oil deliveries to private users has hung over the heads of the Danes continually. The oil companies are of the opinion that restrictions must be introduced as soon as possible in order to reduce the consumption of oil and gasoline.

The purpose of the new Danish taxes on energy which were introduced on July 1 was to reduce consumption. But the impact of higher oil and gasoline prices will be apparent in September or October at the earliest.

Consequently, the government is ready with a plan for further intervention. It can involve autoless days, or the closing of service stations on holidays, as well as the rationing of heating oil for private consumption.

Technically speaking, the preparations for introducing autoless days practically complete, and they can be introduced at very short notice.

The minister of commerce can on the basis of "a law concerning resource preparedness" intervene and impose restrictions on the supply situation if it is necessary.

The minister of commerce, Arne Christiansen, will begin in August discussions with the parliamentary committee on energy policies for establishing the rules for an eventual rationing.

The basis for the concern of the oil companies and the government is the fact that at present the Danish stockpile of petroleum is considerably less than normal for this time of the year. The oil companies have petroleum for only 107 days use, and it is feared that the storage facilities can not be filled before the winter season if consumption is not reduced.

6893

CSO: 3109

DANES TO BE HARD HIT WITH NEW TAXES

Stockholm SVENSKA DAGBLADET in Swedish 21 Jun 79 p 6

[Article by Per Sabroe]

[Text] On Thursday the Danish Parliament will be presented with the greatest contraction of the economy ever contemplated. Eleven and four-tenths billion (Danish krone) will be saved by the proposal which the government parties, the Social Democrats and the Liberals, agreed upon Wednesday night.

The proposal was proceeded by 2 weeks of very difficult negotiations, and the threat of new elections in Denmark remains. The question will be quickly considered by the parliament over the holidays, but the government parties do not have a majority for the proposal. The Conservatives, the Progressive Party, the Justice Party and the three socialist parties condemn the proposal completely. The Danish Federation of Trade Unions support it with certain reservations, something which has some significance for the Social Democrats.

Saving Plan

The government can probably only survive if some of the minor parties either support it or abstain from voting. The plan which the parliament must consider includes:

The state will earn a billion (Danish krone) by increasing the price of gasoline with a new levy of 50 øre. To this is added the sales tax. The price thus increases by 60 øre to 4 Danish krone.

Gasoline and diesel oil for cars, as well as oil for heating, will increase in price. Heating oil by 300 krone per ton.

Two and seven-tenths billion krone are to be saved in the government budget for next year. Here there can be a serious debate as to whether it will be achieved in the so-called social sector, a sensitive area for the Social Democrats.

Some other taxes will be increased. Cigarettes will increase by 10 Øre per cigarette. A package will cost 16 krone.

The charter fee will be increased from 50 to 125 krone. Consequently, it will no longer be advantageous for south Swedes to go abroad via Kastrup.

In order to save the planned 11.4 billion, the local governments will reduce their budgets next year by 4 billion.

The extensive restrictions are being put through in order to reduce Denmark's balance of payments deficit by 1 billion this year and 2-3 billion next year. If motorists instead of paying the new high prices save gasoline, the foreign exchange balance will also be improved. In order to focus attention, particularly on gasoline consumption, the Danish Government has also other plans for restrictions which will go into effect in a couple of weeks.

Autoless Day

According to the plans there will be 1 autoless day a week. The Danes themselves may decide which day the car will be unused, and will receive a sticker to put on the windshield, indicating which day they will remain at home, for example, Wednesday or Sunday. The system was tried out in Austria during the 1974 oil crisis.

The government will also change the taxation of cars, so that small cars will be more economical tax-wise than the big gas-guzzlers.

New Crisis

A number of political commentators both on the radio and in the press predict that there will be another cabinet crisis this fall if the government saves its proposal this time. The two parties agree on how much shall be saved but not precisely how it shall be saved. The Liberals have proposed social measures such as payment for home visits by duty doctors, and reduced support for unemployment to prevent misuse. The Social Democrats answer by pointing out that then less support for agriculture must be considered. Such viewpoints will presumably lead to new and difficult negotiations between the government parties, and a number of the large organizations have warned that the Danish economy can be even worse in the fall.

6893

CSO: 3109

FEDERAL REPUBLIC OF GERMANY

LAMBSDORFF INTERVIEWED ON CARTER'S ENERGY POLICY

Cologne KOELNER STADT-ANZEIGER in German 20 Jul 79 p 4 KW

[Interview with Federal Minister of Economics Dr Otto Graf Lambsdorff by Reporter Heinz Murmann in his "Eifel mountain summer resort," no date given]

[Excerpt] KOELNER STADT-ANZEIGER: Graf Lambsdorff, President Carter announced his energy program. Did he adhere to the commitments he made at the Tokyo summit meeting or did he even go beyond them?

Lambsdorff: Nobody will be able to say today that he fulfilled with his speech the commitments made in Tokyo, that he could fulfill them, or that he wanted to fulfill them. With the medium- and long-term projects contained in President Carter's speech he certainly went beyond the Tokyo agreements. That must be very much welcomed.

KOELNER STADT-ANZEIGER: You mean the plans of cutting down oil imports by 50 percent until 1990?

Lambsdorff: That and the development of so considerable alternative energy sources together with detailed plans to finance it all. Both things go beyond the targets of Tokyo. It was planned in Tokyo to set certain import limits until 1985. President Carter's speech does not indicate in detail how the U.S. Government plans to achieve this. Doubts have been uttered with regard to immediate effects, doubts I consider not completely unfounded.

KOELNER STADT-ANZEIGER: You mean the gasoline price in the United States?

Lambsdorff: This is one of the points the Americans promised in Bonn, namely to elevate oil and gas prices to a world market level. They are still lagging behind with regard to taking this measure. This is no fault of the U.S. Government--we pointed that out repeatedly--but mainly the fault of Congress. As long as oil and gas still will be cheap in the United States and as long as the price does not express the shortage of these goods, we believe and the U.S. Government believes that this will not make the American consumer handle oil and gasoline more economically and carefully. This is the decisive point that must create doubts in the effect of the President's speech.

A second point is the replacement of oil by coal. The great difficulties here pertain to environmental protection. Not primarily protection against air pollution and environment pollution because of gasification of coal and power production, as in our country, efforts made in the United States are directed against open-pit hard coal mining. The elaborations of the President do not indicate how the government plans to overcome this considerable resistance within a short time.

KOELNER STADT-ANZEIGER: Are you under the impression that a change of attitude is taking place now after all in the United States and that Americans will take it seriously to save energy?

Landgraf: A change of attitude takes place. The President indicated in his speech that, however, this attitude will be important in connection with the implementation of long-term plans. Short-term aspects have been treated a bit negligently.

KOELNER STADT-ANZEIGER: If priority really will be given to saving energy in the United States, do you believe that this would render invalid considerations that Mideast oil resources in an emergency should be occupied militarily?

Landgraf: We always considered this a not very realistic option. We do not believe that these are ways and means to safeguard oil supply. Our answer regarding relations with oil-producing countries according to my opinion contains two things: first, economize energy in our country and second, develop alternative energy.

KOELNER STADT-ANZEIGER: Not everything depends on the Americans. A committee of our cabinet will deal with further measures aimed at economizing.

Landgraf: The cabinet committee that will meet for the first time on 7 August and that--I hope--will produce results not later than in October, first of all will deal with the sequel of the 16 May cabinet decision on the further saving of energy. Second, it will examine additional suggestions to economize energy, such as suggestions mentioned recently by my colleague, Federal Minister Mauff and, for example, decisions adopted by the Bremen FDP Federal Congress. Everything will be examined frankly and unconventionally.

KOELNER STADT-ANZEIGER: As before you do not plan to introduce speed limits on certain days when driving will be prohibited?

Landgraf: No. The bill on safeguarding energy supply permits us to introduce speed limits and prohibit driving on certain days only if the supply situation will be so tense that we see no other way out. These prerequisites do not exist now.

KOELNER STADT-ANZEIGER: Let us discuss coal processing now. You mentioned the issue in the Bundestag and the federal chancellor mentioned it too. Shortly thereafter your colleague Riemer of North-Rhine Westphalia mentioned the necessity of building some big-size plants of this kind. Did you all mean the same project?

Lambsdorff: I believe that actually we meant the same project. We agree that gasification and liquefaction of coal--I mention them in this order because gasification of coal has to be more developed--in the long run certainly will be significant moments of our energy supply. But the federal government is of the opinion that you must not make the second step before you have made the first step.

It is our main intention to assist the industries, be it through taxation incentives or subsidies, to operate such installations. The federal government does not plan to build coal hydrogenation plants and certainly not the land governments. In this respect our approach is different from that of President Carter in the United States.

KOELNER STADT-ANZEIGER: So you are not yet prepared to mention individual installations with every one of them producing 2 million tons annually and costing investments of about DM3.5 billion?

Lambsdorff: Organization from the existing pilot installation to big-size technical installations must be planned carefully. You must not create expectations that cannot be fulfilled within a short period of time. I do not believe that prior to the second part of the eighties an installation will be set up that would contribute considerably to the energy supply of the Federal Republic.

KOELNER STADT-ANZEIGER: The gasoline price increased quite rapidly this week. The people were considerably worried that this massive increase was taking place so shortly after the OPEC decisions. What can the federal government or the cartel office do to prevent unfair action on this market where there is hardly any competition?

Lambsdorff: Well, first of all I want to say that I am worried and alarmed by the height of the price increases. I cannot say whether this has been justified by the structure of costs and the development of crude oil prices. Purely mathematically a 5 pfennig price increase [for 1 liter of gas] cannot be the consequence of the OPEC price hike. It seems that one has been figuring domestic gasoline prices on the highest price level of \$23.5 a barrel. But there are also other points of view, such as the fact that the German gasoline price still is lower than the Rotterdam price. Our prices, with or without taxes, lie in the middle of European gas prices. Yet the volume of the price increase, the fact that one oil company after the other made these price increases is alarming and surprising, and it makes you ponder on possible action of the cartel office. It can become active only if it suspects that the market has been misused and that price increases have been coordinated. If that really should turn out to be the case, we would be facing new facts.

You mention the rapid adaptation of prices. I must say in this connection that I do not think public criticism was justified in this matter. No

merchant sells his merchandise under the price he would have to pay for restocking. If the restocking price goes up, he will increase his own prices the same day. That is justified because if the restocking price falls, he must lower his sales price too.

KOELNER STADT-ANZEIGER: The Baden-Wuerttemberg SPD this weekend decided that no concessions for the construction of new nuclear powerplants will be given until 1984. Does such a decision fit into the federal government's energy policy plans?

Lambsdorff: No.

KOELNER STADT-ANZEIGER: In other words: If this decision will be adhered to, the energy program of the Federal Republic could not be implemented?

Lambsdorff: Nobody depicting the situation of energy consumption in the near future could come up with convincing figures which would permit doing without nuclear energy. Before the SPD decision was adopted upon an initiative of Mr Eppler, he had outlined in a commendable way his assessment--which he himself termed a private job he did. I consider it completely unrealistic and not in accord with the needs of an industrial state, aside from the fact that it does not take into consideration development policy aspects.

I am therefore surprised that the Federal Minister for Economic Cooperation Offergeld agreed with the energy policy proposal of his land party, contradicting the opinion of the federal government. On the other hand, however, I welcome it that colleague Hauff was fighting for his and our energy policy ideas in his own land association. I know from my own experience how difficult it is to maintain such positions at party congresses which actually want to achieve something else.

KOELNER STADT-ANZEIGER: If nuclear energy will be developed further, the federal government needs the support of Federal Laender such as, for example, in connection with the construction of interim waste deposits. How far did talks with the Federal Laender develop?

Lambsdorff: It must be welcomed that the government of Lower Saxony is prepared to build a temporary waste storage center. The same applies to the land North-Rhine Westphalia. I think that, however, it does not suffice if the Bavarian Minister-President Mr Strauss, for example, points out that compact waste storage points ought to be established close to the nuclear powerplants which would help solve the problem until about 1990. First, compact storage possibilities in some nuclear powerplants are insufficient, as far as we know and, second, the period until 1990 would be too short.

You must speak a clear political language here. I consider it high time that the CDU/CSI which criticizes differences of opinion within the coalition parties, eventually will follow a joint policy with regard to the waste storage problem. The CDU/CSI Bundestag faction must not pretend that the opinions voiced by Mr Albrecht and by Mr Strauss are in accord at all.

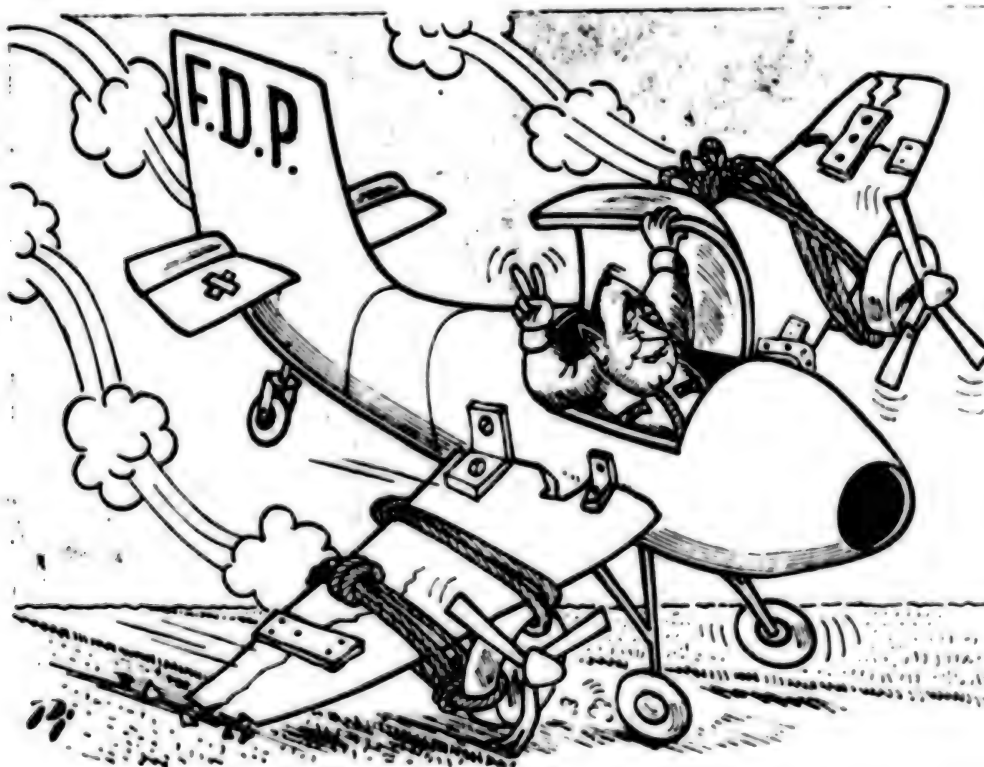
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FDP PARTY CONGRESS AT BREMEN REVIEWED

Nuclear Policy, Other Issues

Hamburg DIE ZEIT in German 22 Jun 79 p 5

/Article by Rolf Zundel: "Eyes Firmly on the Elections--The Election Offer of the Liberals: Perhaps on Nuclear Power; Yes on Colation"/



Noch einmal gut gegangen

HANDELSBLATT Peter Straub

"Well, we made it again"

/Text/ Bremen, in June--From the standpoint of entertainment value, the FDP Party Congress in Bremen lagged behind many former meetings of the Liberals; its political result, on the other hand, is impressive. There was no repetition of the sometimes gay, but mostly depressing, chaos of the Mainz Party Congress, where the FDP superiors lost control. This time the leadership presented a united and firm front--too uncompromising, as some complained; the management functioned with precision--too perfectly, as some objected, who felt hampered in their rhetorical effusion. At any rate, the FDP has marked its election positions rather rigorously in important areas. Its leadership at least is content, and even among those who in Bremen at first fell into angry resignation, some are irresolutely coming around to the realization that with these decisions the party can perhaps stand up before the voter after all.

The hardest fight was over nuclear energy. The decision--a skeptical and conditional "yes"--presents some difficulties of interpretation. It can no more satisfy the unconditional opponents of nuclear energy than its raving advocates, neither the greens, nor a part of the Union, and likewise not the corresponding minorities in the FDP. A decisive "perhaps" in other words, which plays in different election campaign colors? The differentiated decision appears rather more appropriate to the current situation.

The judgment on nuclear energy, of course, depends on how clearly the dangers of this technology are perceived, on the one hand, and on how strongly the dangers of an energy shortage and the price increases it entails become perceptible, on the other. The reactor accident at Harrisburg has focused attention on the risks involved in nuclear energy, but the subsequent energy shock has brought into view even more strongly the risks of an energy shortage. The FDP has nothing to offer in the way of an easy out from this dilemma.

What has become clearer are the efforts to keep energy consumption as low as possible, or even--as a minority is still hoping--to make the use of nuclear energy unnecessary as the years go by. More money is to be spent for energy research in general and for the use of non-nuclear energy resources in particular. The replacement of the motor vehicle tax by a petroleum tax, a law which sets average consumption within the product mix of every motor vehicle producer at 8 liters per 100 kilometers and a whole series of energy-saving proposals (not, however, a speed limit) were adopted by the party congress.

Nevertheless, there will be a residual demand for nuclear energy for years to come. To be sure, there was still talk about total abstention, but this possibility has wilted into a rather faint hope. With the exception of a few young democrats, who demanded the closing down of nuclear power plants, the delegates fought over the conditions under which the construction or licensing of new power plants are possible, and over the waste removal concept, which of course according to the laws of logic presupposes the existence of nuclear power plants.

To be sure, here and there the big guns were used. Minister Ertl announced that there was a threat of a relapse "into the old agrarian state, and no freedom exists there." Those who do not see to it "that people live in humanly decent conditions provoke chaos and the world revolution." And likewise, even though somewhat more weakly, the alarming vision of the atomic state was depicted. But in the main it was after all factual debate over the when, how, and how much of nuclear energy.

So when is the construction of new nuclear power plants permitted? There was a general conception that construction permits are not called for at the present time. Opinions were divided over whether they are impossible at the present time. The motion that "no further permits for the construction of nuclear power plants be granted" until the removal problems are solved, was rejected by 191 to 193 votes. This cannot solely be explained by the fact that the party leadership fears the headline "FDP Stops Nuclear Power." After the vote by the Reactor Safety and Radiation Protection Commission, and after the investigation in Gorleben to date, the ministers evidently regarded the conditions for new construction as fulfilled.

In the second important decision, the goal of an integrated waste removal concept was set down in writing; that also includes the reprocessing of used fuel elements. In contrast to Minister-President Albrecht of Lower Saxony, the FDP regards integrated removal not only possible in technical terms, but also politically. A reduction of the Gorleben project is recommended; a separation between final storage and processing is being considered. In this connection the reprocessing itself, whose ecological and economic benefit seemed to be clear to most of the delegates, was not so much in dispute. Of concern was rather the question of whether this would not necessarily open the door to the plutonium operation of fast breeders. On this score there were reassuring explanations of intentions in Bremen and a reference to the fact that the FDP has already taken a firm stand against the commercial use of the breeders.

The decision on nuclear energy gives the FDP leadership a certain measure of freedom of action; the "government target" has been attained, but the close voting results do compel caution. Responsibility is being handed back to Minister-President Albrecht of Lower Saxony; the demarcation with respect to that part of the Union which Albrecht is accusing of insufficient resolve, and which favors the unchecked development of nuclear energy, is being drawn still more sharply. Wehner's latest warnings lead one to believe that the SPD at its party congress will probably make decisions that will tend to be similar. If one takes into consideration the fact that FDP wants to encourage citizen participation in environmental questions through the instrument of the "class action suit," and that it is fighting most tenaciously for the environmental legislation emanating from the Ministry of the Interior, the conclusion is nevertheless permissible that of all the federal parties the FDP still takes most seriously the concerns of the greens.

The FDP spoke considerably more harshly--not to say, at the top of its voice--on the subject of tax policy. Tax simplification and tax reduction is the goal which is being painted in forceful ideological colors. "It corresponds to our image of the citizen who has come of age," said Genscher, "that his money is best taken care of in his own pocket. The greater the disposable part of income, the greater the realm of freedom of the individual." All together, it is approximately /DM/ 3 billion which the state is supposed to give up.

The criticism of the SPD is directed against the fact that the higher-income clientele of the FDP profits most from such a policy and that not enough money is left for either the consolidation of the budget or for new government expenditures. The Union, on the other hand, is offended because the Liberals have taken over one of its election campaign slogans.

Some of the critical observations are justified, not lastly the reproach that the FDP thus far has refused to give out information as to where in the budget it intends to economize. But it is evident that here the FDP has little regard for its coalition partner. In all probability, it will also bring up a correction of the wage and income tax.

With its theses regarding old age security--the first comprehensive concept of a party which includes the organization of pensions forced by the Federal Constitutional Court--the FDP is bargaining for a good deal of trouble with its coalition partner, but probably not for any insoluble problems. In judgment of many experts, it is a rather solid piece of work and at least "comes close to being neutral in regard to costs." Among other things, the FDP proposes to figure pensions no longer on the basis of gross income, but on the basis of the actual disposable income of employees. That means a somewhat lower growth in pensions, but it also puts a brake on the growth of contributions. The FDP still has the pension fiasco of 1976 in its bones. Genscher learned a lesson from this which the Social Democrats most likely will not want to hear: "We will not allow anyone to wangle his way through the next Bundestag elections without saying what he is going to do."

Direct confrontation with the Union and smaller conflicts with the SPD are delineating themselves after the decision of the party congress with respect to privacy and the constitutional state. It means full and unlimited support for the policy of Minister of the Interior Baum; even where, for example, he demands the reexamination of laws passed at the height of terrorism. The Union demands still more protection against political extremism; the SPD does not want to change anything, if possible.

On the whole, the FDP dissociated itself from the SPD at the party congress with a hitherto unusual clarity. That does not mean, however, that the Union has now become attractive for the Liberals; it has been written off. The continuation of the Bonn coalition is so self-evident that it was no longer even discussed in Bremen.

Inner-Party Divisions

Bonn DEUTSCHE ZEITUNG in German 22 Jun 79 p 4

/Excerpts from article by Peter Keier-Bergfeld: "Split Right Down the Middle"/

/Excertps/ The party leaders of the Liberals did not come to the party congress with a great deal of enthusiasm for the annual democratic feedback, but at any rate they were better prepared than in Mainz where they had barely escaped chaos. By planning the party congress for a weekend, they made it easier for the middle class-independent delegates to attend; the number of substitute delegates--oftentimes students--was smaller than last year. In addition, multifarious allusions, suggestions and scattered rumors from the entire coalition camp had made it clear that the party leaders, first of all Genscher, were prepared to throw their whole political career onto the scale in the question of nuclear energy.

In the study group on nuclear energy, Friday saw one defeat after another of the party's left wing. Otto Graf Lambsdorff, after Mainz only a baron in the party, was nevertheless feared. His exit from the hall on this evening was like a triumphant procession. Lambsdorff is again capable of getting a majority, it was said.

Prior to this, however, it came to a hard exchange of blows in principle between the wings of the party. Hermann Oxfort, still deputy party chairman in Berlin, who in the future wants to devote himself fully to work in the newly founded "Liberal Society," to be located to the right of center, missed the "common basic consensus with the party" among the Young Democrats (Judos). "How can I teach my children to vote liberal if the Judos have almost nothing in common with the politics of Genscher anymore? I cannot differentiate our community from a totalitarian state." Delegate Majunke, also a member of the Liberal Society, recommended coming to grips with the remarks of North Rhine-Westphalian Judo-chief Schelling, who attested in the Judo organ that the GDR has "taken the first step toward freedom"; namely, toward "abolishing private property."

Conflict with the SPD

The left, according to "old-Young Democrat" William Borm, stated apodictically: "The enemy is on the right!" and the reduction of basic freedom, of all things, began in 1969. Judo Chairman Straesser complained that party colleague and minister of the interior in Duesseldorf, Hirsch, permitted "further snooping" in connection with entry into public service. Detlev Kuehn from Bonn saw it quite differently: "It is quite clear that the Judos are not out to prevent snooping; they want communists to enter public service, and not only as locomotive engineers but as counselors for ministers."

The final vote on the nuclear question, in which the party congress accepted (with a skeptical additional, time-limited yes to nuclear energy and reprocessing) the long proposal of the majority of the federal executive

board with a two-thirds majority, does not reflect the real opinion of the delegates, for the second day in plenary session produced majorities that were not nearly as comfortable for the leadership as the day before in the study group. Time and again, Lambsdorff had to hurry to the podium to give the obligatory "counter-speech" in connection with amendment motions. The Lower Saxony Land Association fought tenaciously against a nuclear waste processing center: It was turned down with 202 to 155 votes. The Judos declared that those who advocate the processing center are embarking on the road to a civil war over Grolaben.

The Bremen Land Association, which has the greens breathing down its neck, moved not to build any more nuclear power plants. A vote by ballot had to be taken. The (repeated) counting lasted agonizingly long: It was defeated by a margin of 193 to 191 votes--extremely thin. Genscher and Lambsdorff sank back into their chairs with a sense of relief.

Doubts arise with regard to the correctness of the counting--wiped away by the presidium of the party congress. For minutes an explosion hangs in the air. Genscher has to go to the podium, thunders against "stricks involving rules of procedure," pulls himself out of the swamp by the scruff of his own neck, remains the victor. He has made it. Not even the formula to see to it "that the use of nuclear energy can become superfluous"--in the words of the decision at Mainz--met with approval then, but was turned down by a majority of nine votes. Mainz remains Mainz.

Relationship to Other Parties

Cologne RHEINISCHER MERKUR in German 22 Jun 79 p 4

/Excerpts from article by Wolfgang Wiedemeyer: "Only Limited Ability To Change Sides"/

/Excerpts/ The result of the vote on the energy question, together with the feeling to have made it one more time, was a reason for the party leadership to be satisfied. The fact that everything went so smoothly was due to Hans-Dietrich Genscher, who is the only undisputed integral figure in this party with a relatively high proportion of young and little-distinguished individualist. But even he showed little inclination to articulate the spirit and content of the party beyond everyday politics. The claim of the FDP to have a party in decision-making in the Federal Republic of Germany is high-flown and stands in inverse proportion to a party which represents 6 to 8 percent of the voters. One encounters contradictions at every step. There is talk about cars which should and may consume only 7 to 8 liters per 100 kilometers, and there are recommendations of speed limits--things that do not really suit the Liberals very well.

One year before elections to the Bundestag, information was desired about the current disposition within the FDP in regard to the social-liberal coalition in Bonn. Genscher's little-imaginative "nothing new with regard to the coalition" merely emphasized that he is one of the most faithful

social-liberals. Who could ever believe that, with this Hans-Dietrich Genscher at the top, the FDP could be lured back into the house of the Union? Even if he should have ever wanted to do this, he would not be able to pull it off with this FDP. In Bremen this statement was again confirmed.

The description of the position of the Liberals at the Bremen Party Congress has not make it easier for the voter to recognize why he should vote for the FDP. The Liberals occupy the same territory which is already occupied by other people's parties. With the obligatory rhetorical exercise of denouncing the bourgeois Union as conservative counter-reformists (let him who understands what Genscher meant by this, raise his hand) and, for the sake of balance, of giving a kick to the socialist world reformers, the claim to independence is not yet fulfilled.

The convulsive effort to show precisely this independence in the election alliance with the SPD became most clearly visible in Bremen in tax policy. Fredersdorf is haunting. Besides the greens, his citizen's party is an enemy which instills special fear in the FDP. With the same postulates for greater justice in taxation that he raises, the FDP would like to close a gap that undoubtedly exists and at the same time dissociate itself a little from the SPD. It is a paradox that the tax decisions taken in Bremen, which came into being at the urging of supporters of the continuation of the social-liberal coalition, could be moved through the Bundestag without effort together with the CDU/CSU; not, however, with the SPD. Corresponding things apply to the decisions of the FDP with regard to old-age security. And as far as energy policy is concerned, the FDP is indeed as we have said, in line with Helmut Schmidt, but by no means is it a coalition partner with strong forces in the SPD parliamentary group in the Bundestag.

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CSO: 3103

POLICY DIFFERENCES, STRAINS IN SPD LEADERSHIP EXAMINED

Munich SÜDDEUTSCHE ZEITUNG in German 22 Jun 79 p 3

[Article by Udo Bergdoll: "Final Race of Troika: Because of Dispute between CDU and CSU, Leadership Problems of Brandt, Schmidt and Wehner Are Receiving Little Attention and Becoming More and More Critical"]

[Text] Bonn, 21 June--Willy Brandt was looking neither right nor left. On the evening of the European election, the SPD chairman walked through the entrance hall of the Erich Ollenhauer House silently and without enthusiasm. He stared straight ahead in such a manner that nobody dared cross his path. Later, when it was no longer possible to avoid questions, when Brandt, after being pressed for comments, stepped in front of the cameras after all, a television reporter experienced the full extent of his ill humor. Brandt snapped at the television man, indicating that as a member of a publicly licensed institution he should be aware of the fact that the election was over now and, as a consequence, the question was irrelevant. The reporter had only wanted to find out whether the issue of lock-outs had played a predominant role during the European election campaign.

Lately, scenes like this one have been increasing. While the CDU and the CSU are engaged in an unprecedented war of interviews against one another, there is no evidence whatsoever of malicious glee spreading among the personnel of the SPD headquarters on Bonn's Friedrich Ebert Allee. Rather, the gloomy mood of the chairman is affecting his environment. The European election and the shameful spectacle surrounding the election of the FRG president have left deep scars. The attention of the public was exclusively directed at the CDU/CSU spectacle. Consequently, nobody noticed how hurt and demoralized the SPD leadership has been since those defeats. The headlines are still being made by the CDU and the CSU. Nevertheless, the word has been spreading in Bonn that those persons who were elected to lead the SPD into the 1980's are at a loss, tired and cross with one another. The Social Democrats are plagued by ominous forebodings of a recurring self-destruction and an approaching twilight.

Nasty Undertones

Addressing the assembled faction, Herbert Wehner turned sarcastic. "At one time," he rumbled, "the SPD was a model of organizational cooperation; in part this is true even today." Most likely, Willy Brandt and Egon Bahr understood the hint. For the rest of the people, however, who might have failed to comprehend it right away, the majority leader angrily added that the CDU was gradually developing into a solid membership party; the SPD, however, was developing from a membership party into a "more or less uncontrollable group of committees."

Wehner is furious with Brandt. He accuses him of failure to lead the party. He also feels that his opinion is strengthened by the fact that Egon Bahr, whose nomination as national manager was first proposed by Helmut Schmidt, was the wrong appointment for this post from the very beginning. In the opinion of Wehner, Bahr is not sufficiently familiar with the organization. For instance, Wehner resents the fact that there are no longer factory-council conferences, as was a practice earlier.

Of late, not only Chairman Brandt, who was never loved by Wehner, has the feeling that "Uncle Herbert" is undermining him. Even the chancellor--since Wehner's appearance during the disarmament discussion and his hourly pressing and needling--is no longer quite sure whether the majority leader still supports him unconditionally. More and more frequently the chancellor encounters bitter words in internal circles. Sometimes he harbors doubts: whether Wehner is still the same person he was, whether he is still in control of the faction, whether many things that are labeled strategy are in reality nothing more than an expression of a lack of organization.

Wehner asserts that he had nothing bad in mind when he advised Brandt at the party executive meeting to jump into the breach and run as candidate for Federal president against Karl Carstens after Carl Friedrich von Weizsaecker stepped down. The more or less unanimous opinion was that "it would have made a nonentity out of Brandt." Since then the personal relations in the SPD leadership have become even more strained. Brandt is embittered because Wehner, who believed himself that Walter Scheel would decide to run again, even in the last month, diverted the wave of criticism from himself and on to the party chairman. The already legendary troika, the power triangle formed by Schmidt, Brandt and Wehner, is beginning to crumble from within and men like Horst Elmke are already disassociating themselves, because they do not want to be buried beneath the rubble.

Several people in the party leadership believe that Wehner will only withdraw after Brandt leaves. They know that Brandt too can be obstinate and would be very reluctant to do Wehner this favor. But in spite of it, only a few of those familiar with the mood among the party leaders are convinced that in December Brandt will again be a candidate for the chairmanship. From the left as well as from the right, Brandt is being accused of neglecting his duties. Egon Franke, head of the "sewer workers," who are still active

"friends of sanitary conditions," is demanding a change in the way of thinking. The SPD should put an end to its discussions. This is a demand he recently made during his traditional asparagus meal with his followers in the Rhenish town of Unkel. "We don't have any time left to discuss everything--yes, everything--with them, particularly in instances when they are not even being asked anymore." The statement was against leftists, but Brandt was also included. "I beg you, get involved when smart-alecks and wisecrackers express themselves," said the minister for inner-German relations, intensifying the mood. It was not exactly integration politics of the kind which Brandt used against Social Democrats like Egon Franke, when he invited the APO [extra-parliamentary opposition] generation to join the SPD, and which he is also practicing toward the "greens," who are presently becoming more and more popular among young people.

The impression Willy Brandt gives to those around him is one of being tired of daily political routine, though he is now interested only in "generalities." He is continuing his energetic work on a declaration of the North-South Commission which has been announced for the fall, but, in the view of many members of party and parliamentary group, he seems to make few attempts to influence the discussion of timely topics such as energy conservation, nuclear energy or a speed limit. He reacts with irritation when someone calls attention to it, and he accepts less and less advice from his friends. Particularly those people who do not agree with Schmidt's policy of crisis management, and who are expecting new perspectives from Brandt, are anxiously asking themselves which direction the SPD might take without Brandt.

The more Brandt withdraws from the daily routine and the more Wehner's influence wanes, the more powerful Helmut Schmidt's position will be the more distinctly the SPD will become the "chancellor's party." The consequence will be that the left will again become more active. "I would like to do everything possible to keep us from becoming a chancellor's association, similar to the CDU of the 1950's," says Henning Scherf, Bremen's finance senator, whom Helmut Schmidt considers the future spokesman for the left wing. Scherf stated: "At the present time it is evident that in preparation for the party rally in Berlin at the end of this year, the left-wing segment within the party is stirring again, is making appointments to important positions and demanding a new debate."

Helmut Schmidt is also "making appointments." He has decided on a new deputy party chairman to succeed Hans Koschnick, the resigning Bremen mayor. First the chancellor agreed to move Anke Fuchs, state secretary in the Ministry for Labor, into the leadership circle. Now, however, he is indicating that he needs her for the pension reform. Schmidt is banking on his loyal firefighter Hans-Juergen Wischnewski, who also enjoys the confidence of Willy Brandt. The left, on the other hand, has introduced Erhard Eppler, whom the Social Democrats should not simply pass over. The evidence which Henning Scherf presents against Anke Fuchs applies even more to the chancellor's state minister: "Cabinet politics is already so overpowering in the party that, if we want to assert ourselves against this trend we should agree on a candidate for the office of deputy party chairman who does not belong in this immediate sphere of influence."

Wehner is conspicuously keeping to himself. He wants to demonstrate that he does not like all the activity surrounding the appointments of deputies. Consequently, he also is not influencing the selection of the future national manager who is to take the place of Egon Bahr after the 1980 Bundestag election. Schmidt, on the other hand, has already made his choice in this matter. The chancellor wants to put the management of party affairs and the preparation for the 1984 election campaign into the hands of Volker Hauff, the youngest minister in his cabinet, in charge of research and technology. Willy Brandt supposedly favored Wolfgang Roth but added his vote to Schmidt's. The executive committee, however, is still questioning the preliminary decision.

Collision Unavoidable?

Hauff is considered a man of the government, Roth a man of the party. Both found their way into the SPD after demonstrating as students in the streets of Berlin against the Vietnam war. Since then, however, Roth has acquired a more "unpleasant odor" than Hauff--not only because he was the Jusos [Young Socialists] chairman but because, as a member of the executive committee, he has good connections to the party base, to chairmen of local organizations and to labor unions. Both, Hauff as well as Roth, are reluctant to compete against each other.

To date Brandt has been covering for the chancellor in the party. But now, since he has been commenting less and less on the question of nuclear energy and, as a consequence, is abandoning the discipline in the eyes of many of his friends, a collision between Helmut Schmidt and his party appears inevitable. It will not be so easy to force Social Democrats to be subject to cabinet politics as has been the case with liberals. The left wing within the SPD also considers nuclear energy a key problem; however, it wants to solve it differently from the chancellor: It wants to move away from new plans for the construction of nuclear power plants. "The Social Democrats must be careful lest their political mandate to organize this problem slip through their fingers," warns Henning Scherf.

Brandt is silent and Schmidt sees no longer a reason to consider the wishes of his party. With ever-increasing determination he is ignoring warnings not to run over the SPD, that it is sinking into lethargy and will have to start the election campaign with a broken spine. The chancellor indicated that he would even be willing to vote in the Bundestag with the CDU and against an SPD minority for an expansion of nuclear energy, and he has threatened to resign three times: on the plane while traveling from America to Bonn, in the executive committee and in the cabinet. Schmidt stated: "If I were Jimmy Carter, I would tell the American people: This is the way things are and this is the way things will be done. And if you don't like it, you will have to tell me to go to the devil."

8991

CSO: 3103

CABINET APPROVES 1980 FEDERAL BUDGET

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 6 Jul 79 pp 1, 2

[Text] The Federal government has agreed with the Bundesbank to make the amount of the government's new indebtedness dependent on the economic situation at the end of this year. After the approval of the 1980 federal budget by the Cabinet on Thursday, Finance Minister Matthoefer said that if at the time of the third reading of the budget the economic development is going well, then he would like to reduce the net deficit below the DM28.2 billion just approved. If economic growth declines, then the government would of course "create global purchasing power." In connection with this Matthoefer asserted that he had the necessary financial latitude to establish the extent of the budget deficit according to economic policy requirements.

After over 7 hours of debate the Cabinet had already agreed upon the new budget early Thursday morning although both Wednesday evening and all of Thursday had been set aside for the discussions. Matthoefer, with the backing of the chancellor, was able to put through his policy of "step-by-step consolidation." Minister for Economic Cooperation Offergeld was able to increase his budget only 0.7 percent more than proposed by the Cabinet. This individual budget rose 12.5 percent to DM5.1 billion.

As expected, the Federal Post Office's special transfer of funds, passed in May over the opposition of Minister Gscheidle, has been retained. According to Matthoefer this is "necessary and right," because the government, in order to increase the Post Office's investment capabilities, has waived over DM10 billion in funds between 1965 and 1977. According to the finance minister, in spite of this decision, the Post Office in 1980 will still have at its disposal a surplus of DM2 billion, so as to be able to put into effect the already announced rate reductions. A while ago Gscheidle had announced substantial reductions for telephone calls starting 1 April 1980. It is not yet known whether this deadline will be met or have to be pushed back. In connection with this Matthoefer stated that next year the Bundespost would pay off loans amounting to DM700 million. There is no question that it will have to make demands on the capital market because of the special payment.

Assistance for the Ruhr area has been distributed among several individual budgets. Thus around DM300 million will be made available for increased writeoffs for air pollution prevention measures in the Ruhr area. A further DM240 million will be allocated to the Ruhr area for research and development in the fields of iron, steel and energy, as well as DM200 million for labor market policy measures. The finance minister emphasized of course that there is no "special Ruhr program" within the government. Regarding the criticism of Lower Saxony's Economics Minister Birgit Breuel about outlays for the Ruhr area, Matthoefer said that if all government outlays were classified according to which region they benefited, then many Land ministers would be surprised at how much they received from Bonn.

Matthoefer admitted that the 4.4 percent increase in the defense budget to DM37.7 billion did not satisfy the NATO decision to increase outlays for national defense by a real 3 percent. Moreover, the nominal 4.4 percent increase is only achieved because in contrast to all other individual budgets funds for increasing personnel--the reserve for salary increases for next year--are already included in the defense budget. On the other hand expenditures for military research have also been transferred to the budget of the Ministry for Research. In this instance Matthoefer holds the position that at this point one should wait to see if the other NATO partners carry out the London decisions. He does not have the money to always play the "international model boy."

The Federal budget amounts to DM215.3 billion. That is 5.6 percent more than the budget passed in 1979. However, since after the summer recess a second supplementary budget of over a billion marks will be approved, the planned growth in expenditures as compared with effective expenditures for this year will amount to only 5.1 percent. To cover these expenses there will be income from taxes amounting to DM175.2 billion, administrative fees of DM9.9 billion, the additional postal transfer of funds of DM1.5 billion and coin income of DM0.48 billion. The net deficit had been fixed at DM 28.2 billion. Originally DM31.1 billion was fixed for this year, and DM33.5 billion for next year. However, because the government will take in around DM2.5 billion more in taxes than anticipated, the net deficit has already been reduced this year to around DM29 billion. Actually the new debt should amount to around DM30 billion. A portion of the increase in tax income will be needed to cover the second supplementary budget.

The financial policy speaker of the CDU/CSU Bundestag faction, Haefele, commenting on the budgetary decisions, said that the goal of budget consolidation would be only insufficiently realized. Neither during the coming year nor in the area of middle-term financial planning did the government have enough latitude to reduce hidden tax increases. The government apparently wants to allow income from income taxes to increase at least 13 percent again in 1980. Haefele also accused the coalition of not making any attempt to use the increase in income from taxes resulting from inflation to reduce the growth in indebtedness, but rather in a second supplementary budget "of adding" a billion marks more. In the battle against the continuing wave of inflation the government has left the Bundesbank in the lurch.

Comparative Budget Tables

Individual Budgets	1979* (in mill)	1980 (in mill)	Change (in percent)
01 President's Office	14.3	14.0	- 2.1
02 Bundestag	310.1	331.7	+ 7.0
03 Bundesrat	8.9	8.9	
04 Chancellor's Office	383.4	391.5	+ 2.1
05 Ministry of Foreign Affairs	1,643.0	1,825.8	+ 11.1
06 Ministry of the Interior	3,407.4	3,583.8	+ 5.2
07 Ministry of Justice	324.5	331.2	+ 2.1
08 Ministry of Finance	3,119.8	3,057.7	- 2.0
09 Ministry of Economics	5,112.6	5,435.8	+ 6.3
10 Ministry for Food, Agriculture and Forestry	6,323.2	6,508.6	+ 2.9
11 Ministry for Labor and Social Affairs	46,487.0	48,849.5	+ 5.1
12 Ministry for Transport	26,347.6	26,342.5	
13 Ministry for Posts and Tele- communications	5.0	16.5	
14 Ministry of Defense	36,663.6	37,735.7	+ 4.4*
15 Ministry for Youth, Family and Health	18,208.6	18,559.7	+ 1.9
19 Constitutional Court	10.8	11.8	+ 9.3
20 Court of Audit	33.2	33.4	+ 0.6
23 Ministry for Economic Cooperation	4,557.9	5,127.7	+ 12.5
25 Ministry for Regional Planning, Housing, and City Planning	4,280.6	4,445.5	+ 3.9
27 Ministry for Inner-German Relations	467.5	478.8	+ 2.4
30 Ministry for Research and Technology	5,554.2	6,175.3	+ 11.2
31 Ministry for Education and Science	4,151.3	4,222.6	+ 1.7
32 National Debt	13,387.9	16,184.8	+ 20.9
33 Public Assistance	8,719.4	8,699.8	- 0.2
35 Defense Responsibilities	1,131.7	1,136.7	+ 0.4
36 Civil Defense	730.7	735.0	+ 0.6
60 Administration of Public Money	12,476.9	15,055.8	+ 20.7
Total	203,860.6	215,300	+ 5.1**

* Including first supplement

** Including anticipated second supplement (around 1 billion marks)

8537

CSO: 3103

ECONOMIC COOPERATION MINISTER ADDRESSES THAI BUSINESSMEN

Hamburg DPA in German 1417 GMT 25 Jul 79 LD

[Text] Bonn/Bangkok: The Minister for Economic Cooperation Rainer Offergeld, has accused the OPEC countries of lacking solidarity with those developing countries having no oil resources. In a speech to the German-Thai Chamber of Trade in Bangkok today, the minister stated that the oil countries must be aware that their price increases are bringing such countries, which internationally belonged in the same group as themselves, to the limits of economic strain.

More expensive oil imports lead to a decrease in the developing countries' exports as well as to a considerable increase in the cost of its imports. The Third World's balance of payments deficit will increase this year to more than \$40 billion. The entire development aid from the industrial countries and their private investments in the Third World cannot compensate this loss.

Offergeld stressed again that the federal government continue to adhere to the principle of free world trade. Intensification of trade is taking on ever greater importance for the more advanced developing countries in particular. Protectionist measures on the part of individual states should be resisted, as they mean the end of a worldwide economic division of labor and economic progress.

Offergeld, who arrived in Bangkok on Tuesday evening, was briefed on Wednesday by the UN high commissioner for refugee problems on the situation of the Indochina refugees in Thailand. A meeting with Prime Minister Kraingsak Chamanan is also planned during the visit.

CSO: 3103

FINANCE MINISTER STATES RUMORED MARK REVALUATION 'NONSENSE'

Hamburg DPA in German 1112 GMT 26 Jul 79 LD

[Text] Bonn--State Secretary Manfred Lahnstein from the Federal Ministry of Finance described current speculation about a revaluation of the Deutschemark as nonsense and a typical silly-season story. Lahnstein emphasized in an interview with VWD [Vereinigte Wirtschafts Dienste] that for the foreseeable future the rate of exchange would remain unchanged. This applies not only to the European monetary system but also to the relationship between the Deutschemark and dollar or the Deutschemark and yen. Currency affairs are in a calm period, which with the sensible attitude of all concerned may last into late fall. However, this does not mean that the calm period will be over. The state secretary noted that the Deutschemark's strong position is being overestimated.

The Italian lira and pound sterling, for instance, are much stronger than at the beginning of the year. Lahnstein stressed that the dollar is also much stronger than many people believe. Since the end of 1978 it has not even dropped by 1 percent vis-a-vis the most important trading countries. There will be an improvement in the U.S. trade balance in spite of the oil problem. Those who forecast for 1980 a surplus in the U.S. balance of trade are not all that unrealistic. According to Lahnstein, the U.S. will have no problem at all in financing the gap in the balance of trade which has diminished.

CSO: 3103

STATE SECRETARY INTERVIEWED ON REFUGEE CONFERENCE

Cologne Deutschlandfunk Network in German to East and West Germany 1115 GMT
21 Jul 79 DW

[Interview with Guenther van Well, state secretary at the Foreign Ministry, by Krieger: Excerpts from interview on Indochina Refugee Problem; in Geneva, date not given--recorded]

[Text] [Question] The contribution of the federal republic looks moderate.

[Answer] Naturally, we must take into consideration that we have our own refugee problems. We have a permanent influx from eastern Europe. We have the problem of people asking for asylum. Yet, I would say that with the overall figure of 10,000, we have made a considerable contribution. So far we have accepted 4,500 people. We can help primarily by alleviating the needs in the Thailand and Malaysian camps. We have envisaged the allocation of new funds; we have also offered development aid material. We cooperate with the UN refugee commissioner in matters of developmental aid by making so-called trustee funds available to him for resettlement projects. So, I believe that we are making our contribution.

[Question] European community states have been criticized for short-sighted action in connection with stopping aid for food supplies to Vietnam and giving it to the Indochinese refugees instead. Was it impossible to do both things?

[Answer] The spokesman of the commission will give a speech this afternoon. In order to cooperate, the necessary prerequisites must exist. Vietnam's policy vis-a-vis the refugees touched off general international criticism. One of the main points of this conference was to appeal to Vietnam urging it to reexamine its policy. The French suggested implementing a 6-month moratorium. It was remarkable that the U.S. vice president clearly supported the idea of a moratorium so that the necessary contacts could be established within the international group of states and Vietnam in order to generally improve the situation.

[Question] It was stressed here in most speeches that Vietnam is responsible for the misery of the refugees. Are you under the impression that Hanoi will change its approach within the near future?

[Answer] We established some contacts here during the conference. I think this conference impressed the Vietnamese leadership which will make the necessary efforts now to bring the situation under control. After all, Vietnam did not react negatively to the French idea of introducing a moratorium. It stressed several times its preparedness to discuss with the refugee high commissioner the establishment of transit camps in Vietnam. It was interesting that this idea was taken up by Soviet representatives who termed it a measure worthy of discussion. We can, therefore, expect greater international efforts to take place in Vietnam.

[Question] There was much talk here of the political roots of the problem and of the fact that a political solution will be necessary. Where and on what occasion could such a solution be found? Have you or has the federal government an idea of what this solution should be like?

[Answer] We must not forget about Cambodia in connection with this problem. I think that more international efforts must be made now to have talks on discontinuing the hostilities. The representatives of ASEAN mentioned that point particularly. Cambodia must become a significant issue in the international discussion. I found it interesting that the Soviet representative particularly regretted the absence of Cambodia here. Of course, it will be a problem as to who will represent Cambodia. But after all, pressure is increasing together with the demand for an international discussion of Cambodia.

As regards Vietnam, the principle must be adhered to which played a great part here, namely, that no country must pursue a policy that forces great parts of the populace to leave the country.

[Question] Do you deem it possible that some sort of international conference on Cambodia will be held this year?

[Answer] I do not want to make any predictions in this connection. The need and the pressure for such a conference are growing.

CSO: 3103

CONTROVERSY ON IRANIAN CRITICISM OF FRG MEDIA NOTED

Interview With Iranian Official

Cologne Deutschlandfunk Network in German to East and West Germany
0522 GMT 31 Jul 79 DW

[Excerpts from telephone interview with Sadegh Tabatabai, deputy Iranian prime minister and government spokesman, in Teheran, by Cologne correspondent Heribert Schwan--recorded]

[Text] [Question] You have voiced grave accusations against the politicians in Bonn. You sharply criticized the German press, radio and television. You even demand government action. Could you precisely and briefly outline your criticism?

[Answer] During the whole time I was in Germany and recently following my return to Iran I noted that the German press repeatedly tried to misinterpret what was really going on in Iran and to comment falsely on these misinterpretations. I pointed out repeatedly to German reporters here that they have the right to move freely in Iran, collect information and report it. But they are not permitted to report false material. I often read in the papers, for instance, what Khomeyni allegedly said about the freedom of women; it was completely untrue.

I read in a serious weekly magazine, for instance, that women wearing no veils have been beaten on the streets upon orders of Khomeyni, that their hair was cut off or that their breasts were cut off. The paper reported that this really happened in some cases, although it was not true at all.

I also read in weekly magazine that upon orders of Khomeyni the corpses of executed murderers were turned over to the people to be cut into pieces to satisfy the hatred of the people. Naturally, this was not the case. The commentator or the reporter has no evidence to prove this. Recently we heard several unfounded reports about Iran.

In past weeks we have read about the story of lists and of the persecution of some Iranian students who were accused of having cooperated with Savak.

We stated officially that these things have nothing to do with the Iranian Government, that the Iranian Government has no information about the contents or origin of such a list, and that this group was neither authorized by the Iranian Government nor the revolutionary courts. We have read over and over again in German papers that the Khomeyni groups have done this or that in Germany and that the revolutionary courts have representatives in the Federal Republic.

You can imagine what a poor impression these reports and comments make on the Iranian students in the Federal Republic who pass it on automatically to the Iranian people.

I did not expect Mr Klause Boelling to say, on the one hand, that he welcomes the stance of the Iranian Government, while, on the other hand, saying that such activities in the Federal Republic will bring influence to bear on relations between Iran and the Federal Republic. I cannot understand that.

[Question] You urged Mr Boelling and the Federal Government as a whole to bring influence to bear on the German press. You know the Federal Republic of Germany very well. You know that the press in this country is free to write what it wants. The public radio is not run by the state. How can you make such a rather senseless demand that the Federal Government ought to bring influence to bear on press and radio?

[Answer] I did not demand that the Federal Government bring influence to bear on the press.

[Question] Was it supposed to take action?

[Answer] What I really demanded was that the Federal Government ought to comment on press reports. I did not say, for example, that the Federal Republic ought to bring influence to bear on the press and radio. I said it ought to clearly dissociate itself from the contents of German press reports. I know about the press in the Federal Republic.

I can say one thing in this connection: I asked the papers 3 or 4 years ago why they did not report on facts in Iran such as the massacres and the misery there? They always said, well you must keep in mind German relations and we must consider the economic interests of the Federal Republic. In other words, there were instructions from above saying that German interests, economic interests with regard to Iran must be considered. When we ask now: What is happening there, what do the papers report? They say, well, we cannot bring any influence to bear on the press because the press is free. I accept that absolutely. I demanded that the Federal Government dissociate itself clearly from or issue a statement on the contents of German press reports and commentaries and what it thinks of them. That is all.

[Question] I believe that you are asking a bit too much of the Federal Government. Why should the Federal Government comment all the time on press articles? You may be right that previously there were some one-sided or strange reports. You say that this goes on today. But how can you expect a good press about your country if not only dangerous criminals but others as well are being executed? Prostitutes and homosexuals have been murdered too. From our point of view this is a mockery of justice.

[Answer] You see. Again I hear a report that is not 100 percent correct. The prostitutes who have been executed did not face a revolutionary court because they were prostitutes. They were executed as collaborators of the former regime, as people who tried to recruit at least 300 people, 100 girls for Savak services in order to persecute the political adversaries of the shah. These ladies exploited their sexual relations in order to persecute the political adversaries of the shah. This was the motive why these ladies had to face a court, and also because several murders took place in connection with almost every one of these cases. It was not merely because they were prostitutes. There are still prostitutes in the country.

Press Review of Charges

Cologne Deutschlandfunk Network in German to East and West Germany
0605 GMT 31 Jul 79 DW

[Press Review of FRG-Iranian Relations]

[Text] RHEINISCHE POST of Duesseldorf writes: Massive attacks on German journalists and politicians such as Graf Lambsdorff and Strauss were followed up yesterday by an official appeal to the Federal Government from Teheran government spokesman Tabatabai, who said that the Federal Government ought to dissociate itself from the hostile and insulting German press propaganda aimed at his country. You could hardly ignore the threatening tone underlying his statement: In the future one will enforce good conduct via oil. You could simply term that blackmail. The fact that in Teheran the left hand often does not know what the right hand is doing and that Shiite leaders and politicians are speaking two languages is of little comfort to the Bonn people. Everything may be different tomorrow, but at present one has to expect the worst. It is to be hoped that German politicians will be able to stand up to it.

SUEDKURIER of Konstanz maintains with a view to the activities of Iranian representatives in the Federal Republic--all actions of foreign groups in the Federal Republic must follow the norms of a constitutional state and can be investigated at any time by courts. With this as background the political leaders in Iran must realize that it is up to them what image the Germans will have of the shah's successors. Iran has many friends in Germany. Nothing would be more unwise of the men around Khomeyni than to replace [word indistinct] assessment with political fanaticism.

KOELNISCHR RUNDSCHAU comments: The Teheran spokesman obviously forgot what critical comment was carried by the German press on the shah and that millions of issues published sympathy for Khomeyni when he was fighting from Paris against the shah's regime and for the freedom of his people. But those who have written the word freedom on the green banner of the prophet must not be surprised when they are measured by the norms of freedom. The reality of the Khomeyni regime almost calls out for clear questions. Moreover Tabatabai, because of his long stay in Germany, ought to know that the press here is free to state its opinion.

BRAUNSCHWEIGER ZEITUNG notes: The functioning of a free press has always created problems for rulers, regardless of what color they were. Khomeyni and his revolutionary Iran are experiencing the same. How are they supposed to know that in a democratic system state organs have no authority to issue directives to the media? Only from this point of view can you understand Teheran's unreasonable request that the Federal Government dissociate itself from the antirevolutionary and insulting stance of the German press vis-a-vis Iran. Granted, free information which produces unpleasant truth irritates many people. But without it there would be no freedom and no respect for human rights.

CSO: 3103

BRIEFS

COMMITTEE FOR REFUGEE PROBLEM--Bonn--The federal government today appointed a Cabinet committee to deal with the problems arising in connection with the Vietnamese refugees. Earlier on the Cabinet had heard a report by State Secretary Van Well of the Foreign Ministry about the flight of the refugees in Southeast Asia. Government spokesman Boelling told a news conference in Bonn that the federal government is prepared to give more development aid to developing countries in the Southeast Asian region which accept refugees from Indochina. The government continues to apply the principle enunciated by Chancellor Schmidt that help should be given to those who are driven out, but not to those who drive them out. [Text] [Hamburg DPA in German 1459 GMT 25 Jul 79 LD]

CSO: 3103

PCF WRITER: SOVIET SUPPRESSION OF 'MODERNISM' IS 'UNFORGIVABLE'

Paris LE MONDE in French 19 Jul 79 p 8 LD

[Unattributed report: "LA NOUVELLE CRITIQUE: Antimodernist Ideology [Is Still Part of the Official Soviet Line"]

[Text] LA NOUVELLE CRITIQUE, a monthly PCF publication aimed at intellectuals, publishes in its July-August issue a Claude Frioux article on the Paris-Moscow exhibition which is being shown at the Georges Pompidou center. The author, who is one of the authors of "The USSR and Us" published by EDITIONS SOCIALES, points out that in 1917 the Soviet revolution "inherited a very advanced situation and immediately took possession of a vast package from the past which was not without specific social characteristics but which was formed and continued according to its own rate and chronology. It is obvious to what extent we need to modify the famous theme of Russian backwardness in 1917 which is so convenient for all narrow dogmatisms," he added.

Claude Frioux goes on to examine the relationship between socialism and culture:

For decades most of the things being exhibited today were denounced, vilified or simply hidden from the Soviet public. At one time Zhdanov described this entire period as 'the shame of Russian culture.' Many creative artists, and not just minor ones, were persecuted, deprived of the normal means of expression and of access to the public and condemned to poverty and obscurity. Opposition is formidable and should not be minimized. Especially since antimodernist ideology, while no longer all-powerful, is still part of official Soviet line. Even more since serious violations of freedom of speech still have an organic relationship with Soviet reality. This exhibition shows the full extent of the damage caused by dogmatism. While it is true that pictures, like manuscripts, "never burn" and eventually triumph, the length of time which they were kept secret and the harm done to their creators in their lifetimes are irreparable and unforgivable."

CSO: 3100

PCF REACTS TO GENEVA CONFERENCE ON VIETNAMESE REFUGEES

Politburo Statement

Paris L'HUMANITE in French 23 Jul 79 p 7 LD

[Apparent text of 21 July PCF Politburo statement: "Resolving the Refugee Problem and Helping Vietnam"]

[Text] The Geneva conference on the Vietnamese emigres has just ended. The published reports show that it produced a number of provisions that will enable this complex problem to be resolved in accordance with human rights and humanitarian principles.

The Socialist Republic of Vietnam's [SRV] constructive proposals and the broad support which they have enjoyed from the world public made an essential contribution to the conference's result. By agreeing to the establishment of a UN center on its territory, the Vietnamese Government has entirely disproved the speculations and accusations regarding the departure of the emigres.

From the outset the PCF has denounced the campaign to denigrate Vietnam virulently mounted in France on the government's initiative. It revealed the hypocrisy of all the parties which participated in this campaign when the colonial wars waged or supported by them were responsible for Vietnam's present difficulties. It unmasked the conduct of the French Government, whose representative on the European Commission, socialist Claude Cheysson, participated in the nine Common Market countries' scandalous decision to cut off supplies to Vietnam. It revealed the demagoguery of those who shed tears on television over the refugees while hosting shamefully small numbers of them in their municipalities at the same time as Cambodians, Vietnamese and Laotians already in France are hosted in tens and hundreds by the communist-led municipalities.

While contributing to the collection of the most urgent essential supplies, the PCF was the only political force in our country to advocate from the outset an international solution under the UN aegis. It was very active in bringing about the convening of an international conference. Once this

was decided, it acted for its success. To this end it sent a delegation to Geneva which, supported by thousands of messages from France, presented a series of realistic proposals to the representatives of the French and other governments.

It is precisely this activity by our party which the Giscard government wants to hide from the French people by urging on the mass media an unacceptable silence on this topic.

The Politburo notes the results achieved, it reaffirms its solidarity with the SRV and demands an end to the campaign in France against that country. Our party is continuing its efforts:

1. To make the French Government publicly and clearly denounce the stopping of Common Market food aid to Vietnam;
2. To make the French Government demand that the United States pay the money it pledged to help rebuild Vietnam;
3. To make the French Government develop France's cooperation relations with Vietnam and make its own contribution to raising that country from its ruins.

Central Committee Secretary Laurent

Paris L'HUMANITE in French 24 Jul 79 p 5 LD

[Unattributed report: "The First Step Has Been Taken"]

[Text] In an interview to Channel 2 shown yesterday on the 1245 hours television news program, PCF Central Committee Secretary Paul Laurent pointed out that, for the Geneva conference to produce concrete measures, it had to be restricted to humanitarian problems. "Aside from a few exceptions this was done, and in our view that is positive," Paul Laurent said. He said that the cause of the Vietnamese exodus is a "real question" but that, if this problem had been the central issue of the meeting, it would have been ineffective since, Paul Laurent stressed, "opinion on this point differs." He pointed out, in particular, that U.S. Vice President Mondale "completely glossed over U.S. responsibility."

"Hanoi is prepared to assume its responsibilities," Paul Laurent continued, "since it has agreed to the high commissioner for refugees sending representatives to Vietnamese territory to organize the departures. Consequently the Vietnamese authorities have overcome the obstacle which many people regarded as vital.

"This is both important and constructive because it will show that the problem has economic causes produced by the war. The decision will help to clarify the cause of the present situation.

"This situation is tragic. It is caused by 30 years of war waged in Vietnam by imperialism. French imperialism and then U.S. imperialism.

"It is true that, during the war years, a small section of the Vietnamese population enjoyed a relatively privileged position because of its relation with the U.S. occupier. It is also true that this section of the population now finds it very difficult to adapt to the particularly harsh conditions of the rebuilding phase."

Paul Laurent then specified that these people wanted to leave for economic reasons, but also "certainly because some do not like socialism."

"The Vietnamese Government agrees that they should leave if they want to and is willing to help organize their departure to prevent the current tragedies. This is a constructive attitude, unlike that of Mr Mondale who blamed Vietnam for everything and completely glossed over the fact that the United States spent several tens of billions of dollars year after year to crush Vietnam under bombs. This attitude does not strike us as responsible in view of the U.S. role in this affair.

"The PCF has always regarded the refugee problem as a tragedy requiring specific and firm solutions on the humanitarian plane.

"We think that the results of the Geneva conference are a step forward in actually solving the problem. That does not mean that everything has been settled. I have heard it said that we were satisfied. It is impossible to be satisfied with the results of a conference which constitute a step forward toward a concrete humanitarian solution. It seems to us that that is what happened in Geneva.

"However, the basic problem remains of providing the Vietnamese with the means of rebuilding their country after so many tragedies, and of rebuilding it in such a way that life is less harsh there for everybody, including those people who would be prepared to live there but cannot bear the present desperate economic situation. It is this which we should now aim to achieve."

CSO: 3100

BRIEFS

COMMUNISTS PROTEST BAN--Raymond Jean, Jacques Briere and Gerand Belloin--respectively the authors of the "The Strangeness of Being a Communist," "Long Live the Crisis," and "Our Dreams, Comrades," all published by editions DU SEUIL in the collection "I Write Your Name, Freedom" edited by Mr Antoine Spire--have sent a letter to Mr Georges Marchais expressing surprise that neither L'HUMANITE nor FRANCE NOUVELLE--the PCF's central organs--has made any reference to these books. Furthermore, these two newspapers have refused to publish advertisements submitted by the editor. Mr Spire and the authors are PCF members. In their letter to the PCF secretary general they ask for an end to "the arbitrary attitude which means that the works of certain communist intellectuals are mentioned and others are not as if, contrary to your constant claims, there were 'good' and 'bad' communists." They add: "Allow us to add that we were very pleased to note that bans had recently been lifted with regard to comrades who are leading figures in what is called intellectual 'dissidence.' If the ban with regard to us were maintained we would unfortunately have to conclude that the party leadership chooses according to notoriety and has no hesitation in adopting this old saying: 'One law for the rich and another for the poor....'" [Unattributed report] [Text] [Paris LE MONDE in French 10 Jul 79 p 8 LD]

CSO: 3100

FNV STRIKES POLITICALLY INSPIRED, SAYS CNV

Rotterdam NRC HANDELSBLAD in Dutch 12 Jun 79 p 13

[Article: "CNV Has Own Campaign Against Government Plans"]

[Text] Utrecht, 12 June--The CNV is still going to make a last attempt to move the Second Chamber to reject the package of regulations which the cabinet intends to introduce on 1 July. On Monday evening, 18 June, the CNV is holding a protest meeting of its cadre membership in the Industrial Building in Utrecht. President Harm van der Meulen, Wieringa, representing the functionaries and their followers and Ester of the CNV Trade Union will be leading the discussion.

The CNV will present all members of the chamber with an open letter designed to once again clarify their position. The CNV Council believes that the cabinet factions must definitely reject the proffered package of regulations, since it does not meet the criteria employed by members of the Second Chamber themselves.

Thursday of next week the leadership will continue to carry on discussions with factions of the Labor Party and the VVD. They will ask the Labor faction to support the CDA in an effort to reduce the amount of the cutback from the current 55,000 guilders to 50,000 guilders.

The CNV will not participate in the action day to be held by the FNV on Tuesday, 19 June, against the government's "1 July package."

It has not been invited to do so. But apart from this, the Council does not consider such an action as being in the interest of the workers.

Democratic

The CNV, Van der Meulen said yesterday, feels that it has the full opportunity, through democratic channels, to fulfill its task as a social, critical organization. What is more, there is no unanimity between the FNV and the CNV regarding the cutback.

The Union Council of the CNV also rejects the actions announced by the Socialist-Catholic FNV Federation (Abva and Kabo), i.e., against an intervention in the collective labor agreement, since a work stoppage has the character of a political action. "Several FNV unions clearly manifest the intention to bring the cabinet to a fall. That is not our position," said Van der Meulen.

The CNV also deplores the fact that the FNV has resolved not to take part in the discussion at the Labor Foundation concerning policy for 1980. The CNV will certainly enter the discussion upon invitation by the government. It believes that the FNV will exclude itself from consideration by not coming.

In the talks which the CNV carried on last week with the CDA faction it became evident that there can no longer be any question of accepting the 1 July package, as long as the CDA are manipulating their own criteria for the budget. Meanwhile, the CDA has delivered its input on the draft legislation. From this it appears, according to Van der Meulen, that the CDA still has not taken a definitive position. The faction apparently wants to give the minister the chance to answer a whole series of questions.

The CNV's chairman has gained the impression that the CDA accepts an allowance for followers and also wants to push through an allowance for social benefits. The CNV continues to find that this conflicts with the motivations employed by the CDA in order to gain the 1 January allowance. "As the matter rests now, we still have a good deal of work to do in convincing the CDA," said Van der Meulen.

9413

CSO: 0105

UNIONS TURN DOWN TALKS WITH CABINET

Rotterdam NRC HANDELSBLAD in Dutch 26 Jun 79 p 11

[Text] Amsterdam, 26 June--The labor unions will not actively participate in discussions with the government, for example, about the budget for 1980. The CNV [National Federation of Christian Workers in the Netherlands] will accept the government invitation to come to The Hague "but only to listen, not to talk." The FNV [Netherlands Trade Unions Federation] finds that "the ministers should now take care of their own interests."

There was bitter disappointment yesterday during the meetings of the CNV Alliance Council and the FNV Federation Council--the top leadership of both labor unions--about the outcome of the recent chamber debate regarding the so-called 1 July package of retrenchments. CNV chairman H. Van der Meulen said "The issue of the debate was not how to fight unemployment but how to keep the cabinet going." He feels that the credibility of parliamentary discussion has suffered.

FNV chairman W. Kok especially hackled the left wing of the CDA [Christian Democratic Appeal] "who so courageously shouted that reducing the social benefits would have far-reaching consequences" but "like sheep they finally accepted the July package." Kok was curious about what CDA chairman Steenkamp now is going to do in the First Chamber. The CNV Alliance Council did have some appreciation for Minister Albeda's plan to increase the social payments by 1 percent on 1 October. "But we must prevent this from going to work as a piece of candy," chairman Van der Meulen said. "Next year and the following years the people will go downhill." Kok called the 1-percent increase "a transparent distraction." The two labor unions recognized that the actions against acceptance of the July package have been practically in vain. "But the resistance of the labor movement has not yet been broken," according to Wim Kok. What the FNV answer will be to the 1980 budget he could not say. Nor did he want to anticipate the labor terms for 1980 in which the FNV members will be involved at an early planning stage.

CABINET IN AGREEMENT ON LAND REFORM POLICY

Rotterdam NRC HANDELSBLAD in Dutch 27 Jun 79 pp 1, 11

[Text] The Hague, 27 June--The cabinet has agreed on the final phase of the land reform policy, on which the Den Uyl cabinet fell more than 2 years ago. In a first reaction the Second Chamber factions of CDA [Christian Democratic Appeal] and VVD [People's Party for Freedom and Democracy] were pleased with the cabinet plans which contain regulations for the expropriation of the land.

In this land reform the authorities will start from the market value of the land. Price-increasing factors, for example, through property rezoning by authorities less than 10 years prior to expropriation--like plans for development on agricultural land--will be subtracted from the market value.

The council of ministers has agreed to a modification of the expropriation law. With this change the cabinet wants to avoid enriching the owners by paying them more for their land on the basis of its future use. The cabinet follows the governing agreement of the CDA and the VVD with this proposal.

Berpin is also mentioned that zoning decisions by the authorities should not be considered when determining the reimbursement value of the property.

For practical reasons, the cabinet will use the formula "market value minus." This formula was laid down in an amendment by L. A. M. de Bekker, previous KVP [Catholic People's Party] spokesman for Land Reform, on which the first Den Uyl cabinet fell on 22 March 1977.

The cabinet at the time wanted to start from a "use value plus" principle, therefore with corrections for "negative development damage"--damage the farmer suffers when he knows that his land will be disowned in the foreseeable future--by failing to make improvements. All other advantages above the use value were to be omitted according to the progressives when determining their position at the time. The confessionals, however, did not agree. Also according to the current cabinet proposal, the conditions about market value can be omitted entirely or in part if they might lead to unreasonable or unfair consequences.

Another note of the cabinet is to leave out of consideration advantages or disadvantages of activities of the expropriator or other public bodies within the cadre of the work for which expropriation is made. This applies within a period of 3 years prior to expropriation. With the current proposals to change the expropriation law, the cabinet is finishing the third and last stage of the land reform policy. The cabinet has already made proposals for both other stages--the preference right of counties for the acquisition of real property and the law on elimination of agricultural land. As far as the preference right for counties is concerned, on 12 February Minister Beelaerts (Housing and Open Space) proposed taking market value as the basis for price determination. Some weeks ago--in the cadre of the Law on Elimination of Agricultural Land, the cabinet proposed limiting the number of potential buyers of agricultural land, among other things, by requiring proof of their professional skill. This in order to partially reduce the sharp price rises of the past few years.

The PvdA [Labor Party] faction feels that there is little in this cabinet plan to effectively prevent possible enrichment by individuals at the cost of society.

The CDA is pleased that the land reform policy is completed. The proposal to change the expropriation law should be given a closer look at some later date according to the CDA Second Chamber faction. The fact that no difference will be made between actually completed development and planned development in the system for determining the market value, the faction called positive. This new element, the CDA finds, is of great importance in order to avoid paying too much for expropriation.

VVD spokesman Naalkens said that the cabinet is right in using market value to determine price, with a correction for inflationary effects of government plans for the land. Also he feels that further study is desired. The CDA voiced its criticism of the proposals, since the in itself unacceptably high market value remains the starting point according to the socialist faction. Because of increasing scarcity in the land market, its price will continue to rise. In addition, the government is forced to pay the higher price for activities by third parties. Also the value increase as a result of expected activities by the government or by third parties has to be compensated when expropriating, now that market price remains the point of departure. The PvdA says that in the cabinet proposals there is missing a link with the Law on Agricultural Elimination and the preference right of counties.

9314

CSO: 3105

GOVERNMENT FORCES 1 JULY REFORM BILLS THROUGH CHAMBER

VVD Remains Adamant

Rotterdam NRC HANDELSBLAD in Dutch 26 Jun 79 p 1

[Text] The Hague, 22 June--The conflict between the government factions CDA [Christian Democratic Appeal] and VVD [People's Party for Freedom and Democracy], about the limitations of the price compensation of 1 July for higher incomes, has deepened further today. Much deliberation this morning between faction leaders Rietkerk (VVD) and Lubbers (CDA) did not make the statutory limitation, proposed by the cabinet and desired by the CDA, acceptable.

The cabinet does not yet want to make the statement that wage measures will be taken next year if the necessary wage limits are not achieved. During the Second Chamber debate about the 1 July package, VVD spokesman De Korte said that his faction may be in favor of such a measure. Minister Albeda (Social Affairs) said that he is no advocate of such threatening statements.

"The announcement of a wage measure will break away the foundation of our deliberation with our social partners," he said this morning in the Second Chamber.

The fact that the labor unions are not pleased with the buying power guarantee for people receiving social benefits which was made in the cabinet yesterday did not worry the minister greatly because the reduction of the increase in social benefits per 1 July will continue. "I assume that the unions share our concern for employment opportunities and that they will not be sidetracked by dislike of this cabinet or objections to our administration," Albeda said.

He announced that the government wants to open the central negotiations with employers and employees about next year's labor terms, even before the cabinet has made up the budget for 1980.

Minister Albela said that he is not in favor of such a fund because the measure is temporary and for this year only. Should the limitation become a permanent affair, however, then he would consider asking the SER [Social Economic Council] for advice about an employment opportunity fund.

Lopsided

State Secretary De Graaf (Social Affairs) defended the reduction proposals for social benefits with the statement that there is no question of a lopsided relationship between the net income of workers and nonworkers. At a net level, social benefits have increased more rapidly than workers' wages.

According to the old calculation method a person on AOW [General Old Age Insurance] receives a net of 35 guilders more than many minimum wage earners, and that has never been the intention. Because of the corrections, he receives 3 guilders a month less than he otherwise would have received on 1 January and 5 guilders less on 1 July.

Minister Andriessen (Finance) could not elaborate on the billions in deficits expected for 1980 that were mentioned by a few speakers. That discussion belongs to the 1980 budget plan and not to the Spring Note. Furthermore he could not yet say exactly how the deficit of this year will be financed. But it is certain that a large part is to be financed through monetary (inflationary) measures and through shrinking the treasury.

Deficit

The emergency brake procedure is specifically directed toward the budget problems of 1979. The deficit can still be enlarged by supplemental expenses for aid to industry, but the minister gave no indication of the figures involved.

He is prepared to consider selective use of indirect taxation for 1980. He also said that he seriously wants to consider whether the social housing program can be adjusted this year, herewith thinking of social housing as well as premium housing. The cabinet wants to carry out that building program as well as possible this year. It would not be right if social housing development became the scapegoat of the expenditure blockade, according to Andriessen.

Wage Trend Reduction

Typis ('66) as well as Van Thijn (PvdA) remained opposed to the wage trend reduction for trend followers. He came up with an amendment not to apply the salary-limiting measures to social employee insurance workers. Involved are workers falling under the CAO [Collective Labor Agreement] trade organizations (about 18,000) and the CAO health insurances (about 8,000).

These workers who so far do not belong to the trend followers, have net salaries 20 to 30 percent below those of government workers and 10 to 15 percent lower than banking and insurance workers. Nypels also remained opposed to the social payment reduction. He found the 1 October increase acceptable.

De Korte (VVD), however, made a few critical remarks about the increase. He asked what it is going to cost the treasury and the social funds. According to his estimate it will be in the order of 80 or 90 million guilders.

Mr. (PvdA) defended his proposal to increase the highest tax rate by 1 point as an alternative to the wage limit; he considered this far superior to the government proposal, but to no avail. In any case he will get no support from the CDA and D'66.

111

(S: 1,0)

PARTY CHAIRMEN PUBLICIZE VIEWS ON ECONOMY, BUDGET

Amsterdam ELSEVIERS WEEKBLAD in Dutch 16 Jun pp 33, 35

[Article by Johan van den Bossche and Nico van Grieken: "Belt Tightening in Holland"]

[Text] Lubbers, Rietkerk, Den Uyl and Terlouw: four political leaders, four chairmen of four Second Chamber factions, four representatives of four political and social trends within the country. During an exhaustive interview in the course of the past 4 weeks they have been presenting in ELSEVIERS WEEKBLAD their opinions with respect to retrenchment, budget deficit, the extra fiscal deficit and the extra belt tightening at best.

Belt tightening in Holland. How is Holland surviving the gigantic problems which have confronted us ever since the beginning of the seventies? What must the government and parliament do with an extra disastrous, handbinding budget deficit of 1.5 billion gulden? Extra belt tightening or not? Moderation? Wage measures? Cutbacks in purchasing power? Cutback in social outlays, in the salaries of officials or the wages of their trend followers? Will there be an end to price-hike compensation or not? Will the tax burden get heavier or not? Will there be or not be...

All questions and no answers and so the caravan forges on and on. The eighties are coming with or without table-setting 1985 or napkin 1981. Such a moisture absorbing trinket is sorely needed and now the leaders of the Christian Democratic Appeal, the People's Party for Freedom and Democracy, the Labor Party and the Democrats '66 have more than clearly demonstrated that they too have no fundamental knowledge of the hard economic facts nor do they know how to (or dare not) tackle the core of these problems.

A napkin then... This is utterly useless. It is a pitiable dragging out of the problem to 1980, 1981 and even further on. This amounts to having conducted 5 whole weeks of parliamentary debate over the Blueprint for 1981 without anybody being the wiser for all that. This was a parliamentary hide-and-seek game behind the argument that the figures are still not

available. It is a pitiful awaiting which will bring the Van Agt government on the carpet again.

Never was the world outside made to see a sharper picture of how independent the course of the cabinet is--or to put it in less flowery language: how alone the government is standing. Indeed Messrs Lubbers and Rietkerk of the Christian Democratic Appeal (CDA) and of the People's Party for Freedom and Democracy (VVD) have a desire to emphasize that their handling of the situation is foolproof, but all of that remains vague to everybody and does not leave much hope in a situation which calls for much stronger measures. This is intervening here and speeding up tax collection there. Now that's what you call action. To show how original a minister of finance can also be (read: how little support he gets from the government factions in the Second Chamber) CDA boss Andriessen thought, for a short while, that it might be possible to cut the budget for national housing and physical planning by 0.5 billion gulden. What a discovery this was in these grim economic times. The subject of building! Wasn't it a bleak winter when nearly not one single stone was laid? Falling behind schedule to that extent is not shameful...you know.... Presently we are now pecking even at our Operation Plan '81. We are going to end up having to make cuts and then it will be no longer possible to build the houses. Now then, that money would best be blocked, ostensibly for that good purpose. So let's start afresh: A part of the 1.5 billion gulden gap is now plugged again. Only for 1 year, but that's great! That is policy now, I hear. Independent and with vision for the shortsighted: like the very shaky and by no means fundamental construction built before a palisade of conditions for limiting the budget deficit from 6.5 to 4.5 percent--the eloquent and always forgotten request on the part of President Zijlstra of the Netherlands Bank.

Unswerving

There is no talk yet of a prospect of such a situation. The CDA and the VVD are not looking forward to it, nor are they about to embrace each other strongly and fervently and thus hope to be able to resist the blow of 1980. That blow is coming. Fortunately this is not being denied in those interviews of ELSEVIERS WEEKBLAD with Lubbers and Rietkerk and because of that everybody is more serious-minded.

To explain this here is a quotation from the 31 March 1979 ELSEVIERS WEEKBLAD: "Let us now assume that Minister Andriessen also gets together that 1.5 billion gulden without having to go through all that idiotic trouble; he will then still have a lot to resolve as far as the problem is concerned. This is so because if we also assume that the 1980 incomes remain at the zero level of change as compared with those of 1979, that the investments in 1980 will tighten up (the prognosis is that they will drop), that inflation will not take a disappointing course, that the 3 billion gulden retrenchment for the 1981 budget is attained, that the balance of payments does not get any worse, that consumer goods loans grow at a controlled rate, and so on... in short, that the entire list of things called for by the cabinet are done, then the fiscal deficit for 1980 will still be 6 percent at the very least."

"Because the government expenses will now still be rising at a fast pace despite all the belt-tightening the kingdom will have to borrow something like 16 billions that year."

"Minister Andriessen will then have to monetarily finance 5 billion gulden with the understanding that there is no longer a savings account at the International Monetary Fund, that there is no room in the treasury balance at the Netherlands Bank, not even any of the 150 million gulden, legally interest-free credit of the kingdom at the institution. Thus Andriessen may try to get rid of not 1 but 5 extra billions in treasury notes. Something which is apparently not going to succeed." This is what ELSEVIER'S WEEKBLAD stated on 31 March.

In putting forth this line of thinking there must of course follow the word "unless." Unless the government comes up with a wage measure at the end of this year; this is not probable, because now the social basis which is necessary for accepting this sort of intervention is completely lacking to an even greater degree than it had appeared in March. The union movement, with the FNV [Netherlands Federation of Trade Union Movements] in the forefront, has always refused to take part in talks with the cabinet and employers on the subject of social and economic policy for 1980.

The cabinet (read this to mean: Andriessen) is now as strong as a rock and this not only with respect to financial matters, but social as well. Back shielding in the form of some sort of dialog with the representatives of the employees--(honesty demands that we state that the stakes of a similar round of talks held last year on the part of the FNV were already far below level because Cabinet and Budget '81 did not please the trade union federation) this sort of back shielding is not there any more.

Kill or Cure Remedy

At the end of this year then will the remainder of the cabinet, that saw a series of 1 July measures (notably those of the CDA) so justly criticized, be only a kill or cure remedy? Extra belt tightening? In such a social climate this was the central question put before the four faction chairmen of the CDA, VVD, PvdA (Labor Party) and the D'66. Gentlemen: Is this true or do you have better solutions? For the sake of solidly built socio-economic and financial-economic relations in this country must we still have recourse only to extra belt tightening?

Not a question which has been raised, but a suggestion made for the sake of the actual state of affairs (the limited skirmishes within the Van Agt cabinet which are going on with intensity with regard to his budget for 1980), the suggestion being: Do the cutbacks then threaten to become the stumbling block which had already been predicted back in 1978?

The most revealing vision in this framework of things came from the CDA faction leader Lubbers.

"The economic situation is not what it has been advertised to be," he finds. "It's not degenerating continuously. Just look at the rate of unemployment. The economic policy is good and new jobs are being created all the time."

Thus let's just start out with the belt tightenings; this was Lubbers' fatherly advice to us. "Ten billions; I insist on this." But Mr Lubbers, what about that other budget deficit of 1.5 billion gulden? Are there or are there not other reasons for the extra belt tightening. "It seems that the present budget deficit is forcing greater retrenchments." But the Christian Democrats and the former minister of economic affairs in the previous Den Uyl cabinet estimate that it will not be possible to retrench on a scale of more than 10 billions.

What is Mr Lubbers now going to do actually? Isn't the budget deficit going higher? That is true, of course, but then you can do the following things: "Take in tax money at a faster rate and postpone government expenditures abroad. Taxes could also be raised." But what about the dangers of a roll-back? "The government will have to go to the social partners with the idea that the excise tax increases do not have to be taken up in the price compensation scheme."

Laughter, screaming and roaring...is there a prettier illusion? Lubbers should know this. Zijlstra knows this too, the ranks know this, but CDA leader Lubbers wants to take the risk of a roll-back. Long live the fight against inflation! A risk? Once again Lubbers does not deny taking it, but shows up providing another revelation, at any rate a revelation against the background of a very unstable economic situation: "You guide yourself firmly by the reality that thus far everything has gone along, but I know the political reality of The Hague."

The Income Policy

And so he went on babbling in this fashion. Lubbers must not have found this conversation amusing; however, this is what he told us: "Things will be more serious in 1980; you are seeing this correctly." Will the cutbacks then go up from 10 to 12 billions? "No, you must look at the cause for the greater budgetary shortage." Does this mean that the cabinet may be able to conduct "an income policy for example?" Lubbers: "Usually free wage negotiations have an influence with the help of a sort of enabling act, or they can be a threat if employers and employees do not stay put at the zero line; in that event we will be taking away the best of any improvement of the purchasing power."

This is the stick-up method! Stopping price compensation and increasing indirect taxation. An emergency dressing for 1979. Structurally, however, nothing has changed...and Lubbers conceded this: "Yes, next year there will be a repeat of the debate we conducted this year." Whereupon the quiet desire on the part of Andriessen to cut back some more (see ELSEVIERS WEEK-BLAD-interview with the minister on 17 February 1979) was brought up for discussion. Lubbers' political cuddling made a fantastic show again, but

again he was defensive, saying nothing, and anxious: "I do understand that Andriessen is thinking of more retrenchments over and above his list, but additional retrenchments are not cabinet policy as yet."

A counterquestion from a badgered CDA leader: "What would you want then?" A clear policy, Mr Lubbers. Whereupon the senior government member gave us the following invitation: "Why don't you just for once take a ministerial seat. What would you do then?" Intervene if a number of suppositions on which the policy is based does not agree. "A wage measure." An equal wage policy for example. ELSEVIERS WEEKBLAD should not be ashamed of such a position, according to Lubbers, who finally made it very clear again that this is "our cabinet" and that ELSEVIERS WEEKBLAD must take good notice of that.

Parallel

How good it looks in a conversation with a man who knows precisely how it must look, but allows himself to be inspired more by the political reality of The Hague than by the economic actuality of Holland; [this begins] VVD faction chairman Rietkerk. He does not bend back, but leans. Going from his point of view there is mighty little embracing with the CDA. The VVD is like a wax candle in the hands of the Christian Democrats and it must be said that: Rietkerk is taking all the possible trouble to run grandiosely parallel with Lubbers, his coalition buddy.

Example: After a few introductory verbal exchanges (there is an extra budgetary deficit which is not covered by Plan '81, and it is naive to count on a central agreement between employers, employees and government) Rietkerk presented his version of the emergency brake as he saw it: "speed-up the tax collection, postpone government spending and limit consumer goods loans."

Rietkerk: "as you see I am following pretty much a parallel course with Lubbers in this respect."

We note this in more respects. The VVD is against topping off the price remuneration above the 50,000 mark; however, this could be done in the higher income brackets. Nevertheless the VVD does find it defensible at 50,000, and the topping off is no crime. Likewise a breakthrough of the VVD's point of view that somehow the taxation burden not be increased and that inflation correction be retrenched from 100 to 80 percent, just to mention a few things, presents no stumbling block. "It is important to the VVD that Plan '81 stays above water." Rietkerk repeated this twice.

It also appears to be obviously inaccurately stated that the VVD is even willing to let itself be pushed below the waterline. "No," says Rietkerk, "our thinking is best expressed in the present policy of the cabinet."

This is a hard and wearisome matter. How are the parliamentarians taking this? This is the question being asked. It must have something to do with reality, there is no doubt about it. This is because even from VVD leader

Rietkerk there is still nothing of fundamental substance to be expected. Note for instance the patient repeating of: -there is a fiscal deficit of an extra 1.5 billion, there is a real wage increase which has turned out to be higher than it should have been, a wage increase which will have a marked effect...and what is Rietkerk saying? "You are seeing this quite correctly. This is a thing which must be resolved. I am not saying how just yet and you are asking too much of me just now." By and by...in September was the liberals' promise. It is then that the real debate will be taking place. "That is called the game of politics," so we learned: "You do not have to be so negative about it."

We are indeed negative about it; just about D'66 leader Terlouw. The whole gamut of economic factualities are being brought up again by him, but what is the result going to be if the blissful Dutch drops intended to cure all possible economic evils are used as the remedy? You are right: A super value-added tax for expensive, energy-slurping Japanese products, a cleaning up of the price compensation for the oil price increase and a cautiously worded strong enforcement of the wage measure.

Rumbling

But with that the cabinet will not be resolving its financial problems. Everybody will be doing some grumbling on the side and Terlouw quietly admitted this, saying: "This will not produce much result. There are things which must be cut out. A fiscal shortage may amount to 6 percent; but then, what is there which could be cut out?" ELSEVIERS WEEKBLAD: No idea. Terlouw: "What do you want of me than? Would you want me to give up my government duties? We are not presiding over that in the Second Chamber." What about wages, Mr Terlouw? Terlouw wants very much to modify wages, but cannot say how. Without admitting it in so many words D'66 is afraid of the trade union movement, but if the ship then runs aground and there has to be a wage measure, will D'66 take the consequences then... strike to boot? Just listen to Terlouw: "Just the strikes then."

With respect to this current problem the only solution that the Democrats can come up with is that it would be better for the cabinet to just fade away. From a purely economic point of view this is a dumb idea, because retrenchments are not our strongest points, let alone the formation of a new government.

Well then, granted there will be a possible successor to Van Agt (the CDA, PvdA and D'66 have 110 seats among themselves out of a total number of 150), then a wage measure becomes politically relevant. Jan Terlouw has apparently learned, so it seems, those ideas of power in their optimum form.

Although political reality is quite grim (economic truth is fast catching up with it) we should really give it some thought.

Now while Terlouw is still in the shadow of the great master of Dutch power politics, Dr Joop den Uyl, sympathizing with the PvdA opposition leader with respect to the economic problems of the Van Agt cabinet, Den Uyl reasons that sympathizing means keeping in close touch, because if he must he will take over again tomorrow. It was for this purpose that the former prime minister worked up his draft of Job Opportunities Through Solidarity I and II. Number II was made public several weeks ago and it contains interesting ideas which became part of the agenda in the discussion with Den Uyl.

Den Uyl is a moderate. No belt tightening. Den Uyl wants a billion for energy saving. With this 50,000 jobs are to be created. That's beautiful, just fine! But where is that billion coming from? From the pot of the Investment Accounts Bill money, says Den Uyl. But what about the fiscal deficit? "That will have to be raised," stated the PvdA's economist. Of course, Mr Den Uyl, but the fiscal deficit is already more than 6 percent. In your case you certainly will have to do more belt tightening than now. So then? "Then I will start collecting taxes at a faster pace and I would be introducing a definite tax increase."

Is that Den Uyl's idea of belt tightening? No, no...not belt tightening. Is that fundamental? You must take note that such an increase in taxes will end up existing for many years, because the cause for the extra fiscal deficit (the disproportionate increase in wages this year) will be dragging on its effect for years to come and even premier candidate Den Uyl will not be hearing the end of this next year. Something fundamental then, if you please.

And what is obvious then? Even Den Uyl has objections, unfortunately, and there are cutbacks in his list: 1 billion in the area of child allowance, roughly 1 billion in the area of sanitation, the increase in direct and indirect taxation...and there you are; Den Uyl now sees a chance of coming up with a wage measure with trade and industry. Does this perhaps entail the possibility of reducing the purchasing power? Of course! Den Uyl is not excluding a reduction of the purchasing power either.

Price Controls

ELSEVIERS WEEKBLAD fears that a reduced purchasing power, real as it may be, may be unavoidable. Den Uyl is not very interested in the opinion of a weekly newspaper. But why is it that politicians who shout that this is an error often overlook the fact that prices also represent incomes. There must therefore be an income policy which will, at the same time, having pricing control aspects and keep the sales up to a certain level." But this should be without inflationary financing, because such incomes will then also be under pressure all over again. Den Uyl: "Agreed." Now and then you too are confronted with a budget deficit and therefore you too are running your ship aground. But that is a mistake; Den Uyl's ship is far from the arresting shore.

Quite a captain that Den Uyl. It may be that he is actually more capable of building more social bases and good will in order to actually arrive at a strong income moderation. It is likely that he will scheme to build more on a social basis and good will in order to arrive at bold income moderations, but then, as a prime minister, he will have to struggle once again with a fiscal shortage which amounts to 1.5 billion as a result of wage increases which this year have run up too high.

But that's how things are in Holland. This has an influence only in a rich society in which the entire wage structure has so gradually become a merry-go-round of automations. To quote ELSEVIERS WEEKBLAD of 31 March: "The structural part of what is so nicely referred to as incidentals and thus: the bonuses, the step increases and the gratuities is as structural as it can be. Before the negotiators had a chance to exchange an opinion the wages in the collective labor agreement for bank personnel were already 3 percent higher in real purchasing power as a result of the promises which had been made in previous years."

For politicians: That is now the socioeconomic reality. Recognizably this is something quite different than the political reality of the inner court around which the little world of The Hague enacts its play. Yet President Zijlstra of the Bank of the Netherlands has already given the warning: "The Treasury is empty." He wrote this down in his annual report. Most parliamentarians shook their heads in despair, there was an overflow of commiseration; but this did not fill the Treasury. Andriessen will have to do this himself.

1964

CSO: 3105

CDA MERGER DATE SET FOR OCTOBER 1980

Rotterdam NRC HANDELSBLAD in Dutch 21 May 79 p 3

[Article: "Agreement on CDA Merger Date: October 1980"]

[Text] Zutphen, 21 May --On 11 October 1980, the KVP, ARP, and CHU will cease to exist independently. At present still united in a federation, the parties must on that date merge into the CDA. This new date was agreed upon by the party councils of the KVP and ARP and the membership meeting of the CHU.

On Saturday, at the De Hanzehof conference center in Zutphen, the KVP council accepted a resolution by the KVP executive naming 11 October 1980 the "ultimate date." Originally 1 June had been planned as the date of the merger, but this date was unacceptable to the ARP for technical reasons. On Saturday the chairman of the ARP, H. de Boer, speaking in another room at the Hanzehof, promised that the ARP would direct all its efforts towards meeting the new date. Earlier, however, on Friday evening, he had also declared that the conclusions reached by the Christian-Democratic committees--which evaluate Cabinet policy and set up a program of initial positions--will play a role in the decision. "We refuse to collaborate in the sacralization of merger dates even now," he said. The ARP council accepted a resolution by the Arjos (the junior arm.) in which a cogent appeal was made to the CDA faction to adhere to the "spirit and letter" of the CDA's program regarding nuclear weapons, and to work hard toward reducing the role of nuclear weapons. The resolution describes as "ambiguous" the fact that NATO should consider the procurement (modernization) of new nuclear weapons and at the same time wish to negotiate with the Warsaw Pact [nations] their reduction-- a topic discussed by NATO ministers (including CDA Secretary Scholtz) in Brussels last week.

Turks

At their gathering on Saturday, the ARP council and the membership meeting of the CHU moreover asked the administration to reconsider the issue of the 200 Christian Turks in the cathedral of Den Bosch. State Secretary Mrs Haars (CHU) would do well to carry out a generous policy here and to satisfy just demands for permission to stay, through a broad interpretation of the right of asylum, the ARP council stated.

The CHU declared in a resolution that those seeking asylum should be allowed to remain in the Netherlands until the outcome of their appeal procedures has been made known. Where fear of persecution in Turkey because of Christian belief is the case, recognition of refugee status in the Netherlands should follow, according to this Christian-historic fellowship assembly.

9413

CSO: 3105

GOVERNMENT APPLIES EMERGENCY BRAKES ON PUBLIC SPENDING

Rotterdam NRC HANDELSBLAD in Dutch 13 Jun 79 p 1

[Article: "Cabinet Puts Emergency Brake Into Action for '79"]

[Text] The Hague, 13 June--The cabinet must put the emergency brake procedure for 1979 into action, now that estimates appear to show that the government's financial deficit will amount to 6.5 percent of the national income. The measures consist of an accelerated collection of taxes and the deferment of expenditures.

The measures are not designed to reduce the obligations which can be assumed on the basis of the established estimates. Accelerated tax collection does not mean that provisional assessments will be imposed instead.

An accelerated collection involves a sum of 550 million guilders. The frozen account on expenditures amounts to 750 million guilders. Minister Andriessen is not ruling out that the freeze on expenditures will have to be continued next year.

Cash ceilings have been established for each department. In addition, it has been agreed that 130 million guilders will be the maximum amount to be frozen under each budget heading.

Minister Andriessen does not believe that the limit on expenditures will lead to great problems in the administration of the budget for the various departments.

The expenditures of the departments of public housing, land use planning, and economic affairs will be frozen at a maximum of 130 million guilders. Social affairs must limit its expenditures to 111 million guilders.

The deficit of approximately 13 billion guilders mainly results from the disappointing tax revenues which have been reduced by 1,820 million guilders.

Above all, the revenues from the income tax and the corporate profit tax fall short (400 and 1,300 million guilders, respectively). Yet these estimates

do not even take into account the so-called July package. For the "Spring Memorandum" - 1980 - it remains to be seen whether the deficits in tax revenues are structural in nature. This, then, would require an adjustment in the scope of the budget.

Minister Andriessen does not envision an interim tax increase since there has been talk this year of increased pressure. With the aid of the measures just introduced, the nation's financial deficit will not exceed 4.5 percent of the national income. The nation's expenditures are 286 million guilders higher than had been foreseen chiefly because of additional expenditures in connection with economic development.

9413

CSO: 3105

SOARES SCORES EANES ROLE IN CONSTITUTIONAL DEVELOPMENTS

Lisbon DIARIO DE NOTICIAS in Portuguese 20 Jul 79 p 3 LD

[Unattributed report: "Forces to Right and Left of PS Incapable of Governing Portugal"]

[Text] "If it was proven in 1975 that there are no political forces with credibility for governing to the left of the Socialist Party [PS], the total inability of the forces to the right of the PS--such as are represented in the Melo Pinto government--to govern Portugal was proven in turn in 1979," states a document released by the PS at a press conference yesterday. In addition to criticizing the dissolution of the assembly and the president of the republic, Mario Soares reaffirmed the Socialist conviction with respect to another election victory and acknowledged the possibility of Independent Social Democratic Association [ASDI] members figuring on the PS lists of deputies as independents.

"In Defense of the Democratic System Enshrined in the Constitution" is the title of the PS document, approved at meetings of the National Secretariat and Executive Committee on Tuesday, which is presented as an overall assessment of recent political developments and, at the same time, as a starting point for the election race.

The PS' efforts to form the fifth government constitute the first topic of the communique, with a view to calling into question what is described as the "flimsy line of argument put forward in the president's speech": "Conscious of its responsibilities as the party which received most votes, the PS was not afraid to run risks in a new government experiment with the support of the Independent Social Democratic parliamentary group. This was not to the liking of the president of the republic, who resolutely did his utmost to thwart such a solution at the outset and to precipitate the calling of interim legislative elections.... Because he distrusted the soundness of the only possible government alternative, the president finally ended up by adopting the most precarious and undesirable solution of all--that which will cause greater government instability, since it will give rise to at least three governments in 15 months."

After describing as unacceptable and unfortunate Eanes' assertion that "it does not matter who governs but how they govern"--a viewpoint "incompatible with the democratic system, whose essence is in fact choosing who governs by holding elections"--the PS analyzes at length the second stage of the president's term of office, and concludes that it "has ended up by placing the country in an unbreakable deadlock."

According to the documents, the interim election, decided on after "a failed experiment of two nonparty governments formed on the president's exclusive initiative," represents "the clear acknowledgment of his (the president of the republic's) inability to coordinate his mandate with that of the assembly elected in 1976." And the document continues by maintaining that the president will have to "substantially revise his abstract theory of the political requirements necessary for his confidence in the government, if the inability to form interparty alliances with majority support persists"; all the more so since the president's requirement of a "stable and coherent parliamentary majority" has no "constitutional basis and even conflicts with the spirit of the constitution."

The document later states that "the president of the republic is not being asked for an imaginary government, for an imaginary country but for a feasible government for the real country, as manifested in the elections and in the assembly of the republic. That is why the PS believes that the president of the republic must not thwart, in order to increase his opportunities for intervention, solutions which the assembly of the republic would be able to give him. The president's role is to make possible governments which the constitution allows and not to impose in a presumptuous manner abstract formulas or conditions which constrict the reality of the social facts and disregard the difficulty in surmounting them."

PS Will Win Election

In addition to not fearing the election, the PS states, it could even benefit the party, since "the country has now been able to escape the sorry experience of a so-called nonparty reactionary government," and that because the "conservative-monarchist bloc leaves the political area of the center, and perhaps even of the center right, completely open."

"The PS today proposes to the Portuguese people a blueprint for society which, while not disregarding the acute conflicts persisting in the social fabric, contains sufficient potential to assemble a broad basis of support in defense of the democratic system enshrined in the constitution." In conclusion, the document reaffirms the conviction that the PS will win the election again "in order this time to really govern Portugal."

With respect to the line to be followed by the caretaker government, the PS cited "full respect for the constitution, firm resolve to insure pluralism and impartiality on the part of the state-owned news media--through immediate measures to replace some of those in charge of them--and

ability to avoid the intensification of existing conflicts through a pragmatic policy of conciliation aimed at the specific resolution of specific problems" as its fundamental concerns. "If this does not happen, not only will the risks of polarization inherent in the president's unfortunate decision be intensified, but also the democratic authenticity of the election--for which, in the final analysis, the president of the republic is chiefly responsible--will be affected," the document adds.

Before the reading out of the communique--which was undertaken by Antonio Reis--Mario Soares emphasized some aspects of the PS stance, stressing that the dissolution of the assembly ("against its own will," he said) "creates some precedents which from the constitutional viewpoint might give rise to ambiguities and have grave consequences."

Costa Gomes did not dissolve the constituent assembly in 1975, despite leftwing pressures; now, "the rightwing pressures have unfortunately not with a response," Soares maintained, describing General Eanes' conduct during the second stage of his term of office as "gravely destabilizing for Portugal's institutions and therefore negative." At another juncture he described it as "contradictory and tortuous."

In addition the PS secretary general stated that he was not surprised that the Portuguese Communist Party "is not greatly concerned about the dissolution of the assembly," since "it never was enthusiastic about a parliamentary assembly."

Soares stated that he was "in complete agreement with the president of the republic" with respect to two points: that the election is "really an interim election and can under no circumstances be transformed into an interim election [as published], ruling out the hypothesis of a referendum," and that the caretaker government must be approved by the present assembly of the republic. Another positive element is the replacement of the Mota Pinto government, which represents "acknowledgment of the criticisms" leveled by the socialists.

Opening to ASDI and Criticism of Loureiro dos Santos

The possibility of some Social Democratic Independents figuring on the PS lists of deputies, "provided that they accept its program and policies," was acknowledged by Mario Soares yesterday in answer to a question put by DIARIO DE NOTÍCIAS. This hypothesis would of course be ruled out if in the meantime ASDI succeeds in transforming itself into a political party and running independently.

Soares also added that the need to fill the political area of the center after the Social Democratic Party had "sought refuge in the parliamentary right wing," was one of the reasons which led the PS to declare itself opposed to the election.

As far as the illusion of current Defense Minister Loureiro and Soares is concerned, this was made in connection with his recent participation in a meeting aimed at forming a new political party, which was subsequently denounced by the president of the republic's office to an evening newspaper on the grounds that he attended as an observer. The PS leader described this as "unjustifiable and inconsistent with the president of the republic's previous practice," and asked: "With what authority can the president of the republic discipline military personnel on active service who interfere in politics, if he sends a military man who is, moreover, the minister of defense," to attend such a meeting as an observer?

The possibility of the legislative and municipal elections being held at the same time was also commented on. Although the PS has not yet adopted a stance, Soares stated that the hypothesis is hardly likely to suit the communist party, because it forms part of the united people's alliance in the latter elections, or the members of the alliance [presumably the democratic alliance for a new majority], because they want to draw the joint lists for the local authorities.

The idea that the PS has already recovered its entire 1976 electorate was again upheld by Soares, who emphasized the good reception which he received during a recent visit to the Azores.

The press conference took place at the PS' offices at the Assembly of the Republic, and was attended by almost all the secretariat members (Manuel Alegre was absent due to illness) and many deputies.

000: 110

TRADE WITH SOCIALIST, ISLAMIC NATIONS INCREASES

Istanbul CUMHURİYET in Turkish 15 May 79 p 12

[Article by Uluc Gurkan]

[Text] Turkey's growing trade relations with Eastern European and Islamic nations, the chief of these being the Soviet Union, Libya, and Iraq, are being looked upon with suspicion in the capitalist West. It is being said in official and private discussions with Turkey that these relations "could lead to a political transition within a certain period of time." According to Westerners, Turkey's alignment with Eastern European and Islamic countries is, in addition, an unsound economic choice.

In the World Bank and OECD reports, Turkey is advised to develop "labor-intensive technologies" that use the labor force as a raw material rather than "progressive technology." It is said, "There are production branches in which Turkey could be the chief competitor such as in the manufacture of fishing nets and shirts. Produce these, and then work on selling milk and cheese. You will be able to earn a lot more money. You will be able to manufacture cement and ceramic tile and export these as well."

According to westerners, Turkey needs strong, not weak, markets. These markets are not in Eastern Europe or in Islamic nations, but are in the West. This, in turn, requires that Turkey be part of the West.

Ecevit's Actions

Prime Minister Bulent Ecevit's Strasbourg speech must be interpreted in the light of the advice from westerners. Prime Minister Ecevit recalled that Turkey's desire to increase cooperation with Eastern European and Islamic nations led to the question, "Does Turkey wish to estrange itself from the West?" He went on, "Instead of nurturing and creating suspicions and fears that are both unjust and anachronistic, our western allies and partners should consider how Turkey, which possesses a special geopolitical position and historical legacy, can participate in the growing closeness and softening of relations between the East and the West, in the dialogue between the north and the south, and in securing more healthy relations with the Middle East."

Prime Minister Ecevit, who asserted that problems of the Middle East have been brought to an unnecessarily complex and dangerous point, stressed that a portion of the western nations have succumbed to the desire to take advantage of the economic difficulties, which have reached critical dimensions in Turkey, in order to force Turkey to accept various policies and restrictive development strategies.

Guadeloupe Summit

Prime Minister Ecevit's Strasbourg speech can be considered a response to the decisions to help Turkey that were reached at the Guadeloupe Summit and the pressures applied in that direction. At the Guadeloupe Summit, the United States, West Germany, England, and France agreed that, "following the incidents in Iran in particular," aid to be given to Turkey is the important topic of discussion. However, in order to provide this aid "promptly," two "conditions" were insisted upon behind doors closed to Turkey. It was demanded that Turkey announce that it is the guardian of the West's flank against the Soviet Union and that, in the Middle East, it will not support the Arab countries against Israel. At this time, obligations in this direction that would be given Turkey were also announced.

The fact that Turkey will not accept the Guadeloupe Summit conditions was made clear by Prime Minister Ecevit at Strasbourg. This is the reason why Dr. Walter Klop, who has the function of coordinating aid to Turkey, was forced to talk with American Secretary of State Cyrus Vance and National Security Adviser Zbigniew Brzezinski. The future of western assistance that would originate from the IMF and that would extend as far as private banks is seen to be tied to Vance and Brzezinski's being forced to acknowledge, in Prime Minister Ecevit's words, "Turkey's actions as being more appropriate to changing conditions in the world and to geographical and historical realities."

It is known that there are those who are working with persistence on government formulas to accept with eyes closed the Guadeloupe Summit conditions that are currently the key to western aid and that could create a "government crisis."

Turkey, however, can overcome this problem. Ecevit summarized what it will be able to do in order to overcome the problem:

"The degree of support shown by Turkey's allies and partners in its efforts to surmount its economic difficulties will, like it or not, influence Turkey's relations with the West. This is unavoidable. When I say this, I mean to say that Turkey does not seek to weaken its ties with its partners through political choice, but economic influences could weaken these ties involuntarily. As a matter of fact, the nature of Turkey's foreign-trade relations began, as a result of the reduction of opportunities to trade with the West caused by the foreign exchange shortage faced in recent years, to change to a great extent and to portray a trend toward estrangement from western partnerships."

Foreign Trade Developments
(in thousands of dollars)

	Eastern Europe					
	Foreign Purchases			Foreign Sales		
	1978	1977	% Change	1978	1977	% Change
USSR	68,319	81,969	-16.65	105,235	80,407	+30.88
Bulgaria	21,330	40,865	-46.58	11,358	14,106	-19.48
Czechoslovakia	54,480	42,000	+29.72	34,641	3,867	(+)
East Germany	10,784	17,157	-37.14	13,861	13,166	+ 5.28
Hungary	29,446	15,590	+88.88	42,170	21,800	+93.44
Poland	23,410	28,376	-17.50	42,552	15,349	(+)
Romania	174,714	114,337	+52.81	74,151	25,649	(+)
Totals	382,983	340,294	+12.55	323,968	174,344	+85.83

	Middle East					
	Foreign Purchases			Foreign Sales		
	1978	1977	% Change	1978	1977	% Change
Bahrain	-	19,654	(-)	1,298	1,452	-10.60
Iraq	259,990	694,453	-62.58	69,466	49,472	+40.42
Iran	488,498	165,030	(+)	44,732	48,565	- 7.89
Kuwait	10,545	16,511	-36.13	16,267	11,142	+46.00
Syria	47,285	23,166	(+)	58,513	29,228	(+)
Saudi Arabia	32,254	5,456	(+)	17,504	17,074	+ 2.52
Jordan	9,137	6,545	+39.61	19,454	9,886	+96.79
Yemen	-	-	-	386	318	+21.39
Totals	847,709	930,815	- 8.92	227,620	167,137	+36.19

	Other Islamic Nations					
	Foreign Purchases			Foreign Sales		
	1978	1977	% Change	1978	1977	% Change
Afghanistan	17	7	(+)	27	283	-90.46
Bangladesh	9,834	7,065	+39.20	639	7,652	-91.65
Algeria	413	11	(+)	3,927	5,917	-33.63
Ethiopia	5	5	0.0	151	206	-26.70
Morocco	8,830	12,072	-26.85	2,251	1,947	+15.62
Libya	212,633	276,357	-23.05	48,577	13,555	(+)
Nigeria	-	2	(-)	941	1,593	-40.93
Pakistan	15,928	9,404	+69.38	7,964	2,212	(+)
Sudan	5,314	-	(+)	2,141	1,623	+31.92
Tunisia	10,890	17,815	-38.87	23,594	10,283	(+)
Totals	263,864	392,731	-32.81	90,212	45,271	+99.28

(Note: The + or - sign within parentheses in the percent-change column designates a change of over 100 percent. Source: Ministry of Trade)

The truth is that, as can be seen in the accompanying table, Eastern European and Islamic nations' share in Turkey's foreign trade was 28 percent in 1977, but surpassed 31 percent in 1978. The importance of this development, which appears minor when looking at total foreign trade, lies in the increase in foreign sales.

Turkey's foreign sales to Eastern European nations, which totaled \$174.3 million in 1977, rose to \$324 million, an 86-percent increase, in 1978. At the same time, the 1977 \$166 million deficit in foreign trade with Eastern European nations was reduced to \$59 million.

A similar development was observed in trade relations with Islamic nations. Foreign sales in 1977 were \$212.4 million and rose to \$317.8 million in 1978 with a 50 percent increase. The foreign trade deficit with Islamic nations, which meet all of Turkey's crude-oil needs, was reduced from \$1,111,100,000 to \$793,700,000. Minister of Trade Teoman Koprululer emphasizes that the foreign trade deficit with Islamic countries will be reduced even further this year. According to information provided by Minister of Trade Koprululer, contacts have been made that will make it possible for foreign sales with Islamic nations to reach \$500 million this year. In this way, it will be possible for the increase in foreign sales to more than keep up with the price increases of the crude oil purchased from these nations.

Delegations

In the meantime, a Turkish delegation that went to Saudi Arabia with the Algerian and Libyan delegations that arrived in Turkey last week has achieved results that will make it possible for trade relations with Islamic nations to develop rapidly. A similar development are the talks that began yesterday with a Nigerian delegation that came to Ankara. Meanwhile, in addition to trade relations, new investments and oil exploration in Turkey are included on the agenda of the Turkish-Soviet Union Joint Economic Commission that will meet in Ankara at the beginning of June.

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CSO: 4907

PREMIUM INCREASES FOREIGN EXCHANGE REMITTANCES

Istanbul MILLIYET in Turkish 15 May 79 p 9

[Text] Ankara--From the time the supplementary premium system for foreign exchange sent by Turkish workers who are employed abroad was instituted until 7 May, foreign exchange totaling \$199.6 million was sent to Turkey's Central Bank. This is the largest amount remitted in recent years.

The supplementary premium for workers' foreign exchange was put into effect 10 April, and it was announced that 47.1 liras would be paid for every dollar received until 10 May. The precise amount of foreign exchange sent to Turkey during this 30-day period has still not been determined. However, according to preliminary figures for the 27-day period through 7 May, \$199.6 million had been received. Taking these figures and the fact that a larger amount was sent in during the last 3 days into account, it is expected that the sum will be approximately \$250 million.

Payment of the supplementary premium for foreign exchange sent by workers employed abroad will cease 10 June, and, if no change is made in the rate-of-exchange policy, 37.1 liras, with a supplemental 5 liras, will be paid per dollar sent into Turkey after that date.

Taking into consideration the fact that \$60 million would have normally been expected in April, an excess of about \$180 million was received between 10 April and 10 May.

Application of the supplementary premium system will continue until 10 June, and 42.1 liras for each dollar sent into the country will be paid until that date. It is expected that at least \$100 million will be sent to Turkey during the next month.

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FRG REPORT NOTES INCREASED TURKISH EXTREMIST ACTIVITIES

Istanbul MILLIYET in Turkish 11 Jul 79 p 9

[Text] The West German Minister of the Interior Gerhard Baum announced the issuance of the 1978 annual report prepared by the Federal Office for the Protection of the Constitution which contains information pertaining to foreign political activity within the country.

West German Minister of the Interior Gerhard Baum has announced the issuance by the Federal Office for the Protection of the Constitution of its 1978 report. This report is prepared annually and it contains information related to foreign political activities conducted within the country.

At the beginning of the report it is stated that "various trenchant instruments and firearms have been seized during searches conducted in the homes of Turks who belong to the idealist organization and consider themselves nationalists."

The report, which notes a gradual increase in the use of force among extremist Turkish groups, in summary remarks:

"Nearly 4 million foreigners live in the Federal Republic of Germany. The majority of the 1 million Turks who live among these foreigners live in peace. However, in 1978 there was a marked increase in violent and injurious activities among the foreigners living in the FRG. There has been a definite increase in membership among the extremist Turkish groups in 1978. Besides the leftist organizations, the Nationalist Action Party's (MHP) idealist clubs have increased their provocative, antagonistic and violent propaganda. German security officials are seriously concerned about the Turks bringing their political activities here."

Moreover, in the report, West German authorities themselves state that nearly 100 idealist clubs operating in the Federal Republic of Germany have been established by and are under the influence of the MHP.

COS: 4907

BRIEFS

GOVERNMENT SPONSORED SCHOLARS--The Ministry of National Education has decided to send personnel abroad on scholarships in order to train technicians for the Atomic Energy Commission and teachers for institutions of higher education. The Ministry will send a total of 105 university graduates abroad; 91 for their doctorates in the name of the Ministry of Education, 9 for their doctorates in the name of the Atomic Energy Commission and 5 for their masters degree. The selection process is now underway. [Excerpts] [Istanbul HURRIYET in Turkish 12 Jul 79 p t]

UNIONS GIVEN REINSTATEMENT REQUIREMENTS--Chairman of the Confederation of Revolutionary Workers Unions (DISK) Abdullah Basturk stated that the three unions which were expelled from membership in DISK by its Disciplinary Board's 1 year suspension decision were expelled for having pursued a union policy contrary to DISK principles. Basturk indicated that in taking the decision to expell Maden-Is, Banksen and Baysen from membership in DISK these union were informed that "their reinstatement is contingent upon their activities and the attitude they display towards Disk regulations and organ decisions." Basturk called upon the leadership of these expelled unions once again, inviting them to act in a manner appropriate to their responsibilities and asking them to conform to DISK's democratic regulations. Amongst Basturk's requests to the unions was a call for the cessation of purges within Maden-Is, their announcement of a referendum and their withdrawal of support for unions such as Beton-Is, Yeni Ges-Is and Agac Sen which were established in opposition to DISK member unions. [Excerpts] [Istanbul CUMHURIYET in Turkish 18 Jul 79 p 6]

CELL SYSTEM FOR PRISONS--Minister of Justice Mehmet Can has announced that the ward system will be replaced by the cell system in Turkish prisons. Can, who noted in yesterday's announcement that violent incidents have even begun to break out amongst the inmates at the prison, stated that in order to prevent these type of incidents from occurring new prisons shall be constructed using the cell system. [Excerpts] [Istanbul MILLIYET in Turkish 13 Jul 79 pp 1, 13]

KOPRULULER SEEKS SHIPPING IMPROVEMENTS--Minister of Commerce Teoman Koprululer stated that he is continuing his efforts to obtain the use of military planes

in the sale of fruit and vegetables abroad. He announced that there will be a reorganization in shipping for sales abroad. In response to a question by an ANKA news agency correspondent, the Minister of Commerce stated that he expected to complete his discussions with the Ministry of National Defense officials concerning the use of military planes by next week. He also indicated that he will conduct a reorganization of TIR and sea shipping in order to increase the speed and effectiveness of sales abroad. According to Koprululer there is a great demand for summer fruit and vegetables by the nations of the Middle East and Europe "for everything from watermelons to tomatoes." Last year summer fruit and vegetable sales totaled 50 million dollars. This year they are expected to exceed 200 million dollars. Saudi Arabia, Syria, Iraq, the Emirates, the Federal Republic of Germany, France, Holland and Switzerland are among the nations that wish to buy summer fruit and vegetables. [Excerpts] [Istanbul CUMHURIYET in Turkish 15 Jul 79 p 6]

DIYARBAKIR GRAIN EXPORTS--It was announced that 375,000 tons of wheat will be exported to various nations from Diyarbakir, Turkey's grain warehouse. Soil Products Office Diyarbakir Region Directorate officials reported that the exportation of wheat to Iraq will continue with 175,000 tons of the 375,000 tons of wheat to be exported being sent to Iraq. Officials explained that there was a stockpile of about 700,000 tons of wheat when the past purchasing season began and that, with the additional purchases, the amount of wheat rose to 1,125,000 tons. They said that there are currently 500,000 tons of wheat in Soil Products Office depots. Officials pointed out that they expect wholesale purchases of approximately 500,000 tons during the forthcoming wheat purchasing season. [Text] [Istanbul AKSAM in Turkish 7 May 79 p 5] 11673

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